



## NEWS: EUROPE

Moscow urged to minimise bloodshed and search for negotiated solution to conflict

## West's fears rise over Chechnya

By Bruce Clark in London and John Berham in Ankara

Western nations are observing the Russian onslaught in Chechnya with mounting anxiety, but so far they are holding back from directly criticising President Boris Yeltsin or putting their relations with Moscow on the line.

All pronouncements on the crisis from the main western capitals have stressed that Chechnya is legally part of Russia. But Nato governments have urged Moscow to keep bloodshed to a minimum and pursue a negotiated settlement.

"We insist on the need to search for a negotiated solu-

tion," a French foreign ministry spokesman said. He added that, despite Chechnya's claim to independence, France viewed the territory as an "integral part of the Russian federation".

Western nations could, if they chose, challenge Russia for a prima facie violation of the rules of the Conference on Security and Co-operation in Europe, including new provisions that were agreed only last week at a summit in Budapest.

CSCE members are supposed to give 42 days' notice of military activities involving more than 9,000 troops or 200 sorties by fighter aircraft - a threshold that has easily been sur-

passed in the case of Chechnya.

Last week's summit also adopted a code of conduct for military operations which provides a notional yardstick by which Russian behaviour in Chechnya will be judged.

The code calls for constitutional procedures to be observed during internal security operations; any use of firearms should be "commensurate with the needs for enforcement" and care should be taken to avoid harming civilians.

However, no country has voiced any intention of raising these matters in the CSCE. Western observers are con-

sistent of the worrying implications of the Chechnya onslaught for Russian policy on other fronts. Many of the Russian politicians whose views are most respected in the west have opposed the operation, which seems to reflect a victory for the "war party" within the Yeltsin administration.

Yet they are pointedly holding back from making any link between the fighting in the Caucasus with other east-west issues.

"By no means does Chechnya define the broad parameters of the US-Russian partnership," said Mr Michael McCurry, State Department spokesman.

The fighting in the northern Caucasus follows a distinct cooling in US-Russian relations because of President Yeltsin's outspoken opposition to any rapid Nato expansion eastwards. Yet Washington's toughness over Nato has not so far been translated into toughness over the Chechnya question, which US officials regard as less significant.

Turkey is the one Nato member where the Chechnya fighting could strike a deep emotional chord. But Ankara is anxious to avoid compromising the territorial integrity of Russia while it is locked in a war with Kurdish separatists, whom it suspects Moscow of backing.

## German minister scorns quotas for TV

By Emma Tucker in Brussels

EU attempts to limit further the amount of non-European films and programmes European broadcasters are allowed to screen would damage the industry, Mr Martin Bangemann, the commissioner responsible, said yesterday. It would not even be the best way to protect European culture.

The existing approach of imposing quotas on EU-based television channels to protect the audiovisual industry, as well as European languages and culture, from a Hollywood onslaught was misguided, he said.

"I am totally in favour of creating the right conditions for programme-makers at 4 European level, but that cannot be done by restricting their economic activities... I believe we should try to support a policy which separates economic and technological aspects from cultural aspects."

However, it is understood that Mr Bangemann will not be present to defend his position when commissioners meet next Wednesday to discuss tightening broadcasting legislation. He may therefore ask for the discussion to be postponed.

The 1989 Television without Frontiers directive requires 51 per cent of material shown to be of European origin, and 10 per cent to be set aside for independent European producers - requirements that have infuriated foreign producers, particularly in Hollywood. However, the quotas only apply "where practicable", a loophole that Mr João de Deus Pinheiro, outgoing audiovisual commissioner, proposes to plug. Further, he wants to extend restrictions to new screen-based services such as tele-shopping and video-on-demand. This would have the effect of banning advertising on shopping channels and restricting American content on interactive TV.

Mr de Deus Pinheiro stressed there was still a case for protecting European culture. "It is not right, or even fair that the Americans are always attacking the Europeans for being protectionist in this field," he said. "In the US, if you want to own more than 25 per cent of a radio station you have to be American. That is not the case over here."

The German commissioner was presenting Commission plans for a ministerial conference on the information society to be held in Brussels in February for the Group of Seven industrialised nations. The conference will address the regulatory framework of the information society, access to infrastructure, and social and cultural aspects of the new revolutionary services.

"If the information society is to be a success and is to combat unemployment, then it should have a global dimension. There can be no walls or divisions between the various parts of the world," said Mr Bangemann.

## EUROPEAN NEWS DIGEST

## Brussels delays VAT proposal

The European Commission yesterday announced it is delaying publication of proposals setting out a value added tax regime to make business transactions across Europe's single market simpler and swifter. The announcement is a setback to Commission ambitions to establish a common system of VAT between member states, with businesses only required to register once to trade within it. It also raises doubts about the likelihood that the switch from existing transition arrangements to the definitive regime will be made on the scheduled date of January 1 1997.

Mrs Christiane Scrivener, commissioner responsible for indirect taxation, said it would be "premature" to produce proposals before the end of the year. She said the transitional arrangements had been a success and that it would be dangerous to change them at this stage. Instead the Commission will launch a green paper, to be published by the end of March, examining options for the definitive regime. Emma Tucker, Brussels

## Sweden nudges up interest rate

Sweden's central bank yesterday raised short-term interest rates for the third time since August, as it sought to curb an upward trend in inflation which it fears could derail economic recovery and the government's efforts to control public finances. The Riksbank raised its "repo" or repurchase rate by 20 basis points to 7.50 per cent. The bank has warned repeatedly that inflation in 1995 is set to exceed its target ceiling of 3 per cent and is anxious to prevent any recurrence of the inflationary boom of the 1980s that preceded Sweden's deepest recession for 50 years. The new Social Democratic government is depending on lower interest rates to bolster the recovery, reduce 13 per cent unemployment and help cut the budget deficit, which is forecast to reach about 13 per cent of gross national product in the current fiscal year. But the Riksbank believes raising short-term rates will aid the process by reassuring financial markets that inflation will be controlled, thus easing long-term interest rates. Hugh Carnegie, Stockholm

## Airport monopoly to be cut

Mr Manuel Oreja and Mr Karel Van Miert, European commissioners for transport and competition, yesterday announced plans to open the market for ground handling services at European airports, a move which could sharply reduce airline costs. The commissioners' proposal will strip airports and national carriers of their monopoly rights over ground handling, which covers passenger and baggage check-in, loading and unloading of baggage, mail and cargo handling, refuelling, and aircraft maintenance. The proposed law will require airports and airlines to separate accounts covering ground handling activities from those relating to other parts of their business. It also aims to allow airlines to manage their own activities on arrival at an airport - currently severely restricted. The draft directive, which the commissioners would like to be in place by July 1996, will be presented as a formal proposal to the Council of Ministers next year. Emma Tucker

## Former French premier dies



Mr Antoine Pinay (left), a former French prime minister, finance minister and one of the architects of the country's post-war economic recovery, died yesterday, shortly before his 103rd birthday. Mr Pinay earned a reputation as a skilled and astute economic manager and a champion of anti-inflationary policies. Before leaving government in 1960 he introduced the "new franc", which knocked two zeros off the currency, and earned him the title of "the man who saved the franc". He held a succession of government posts, including minister for economic affairs and finance

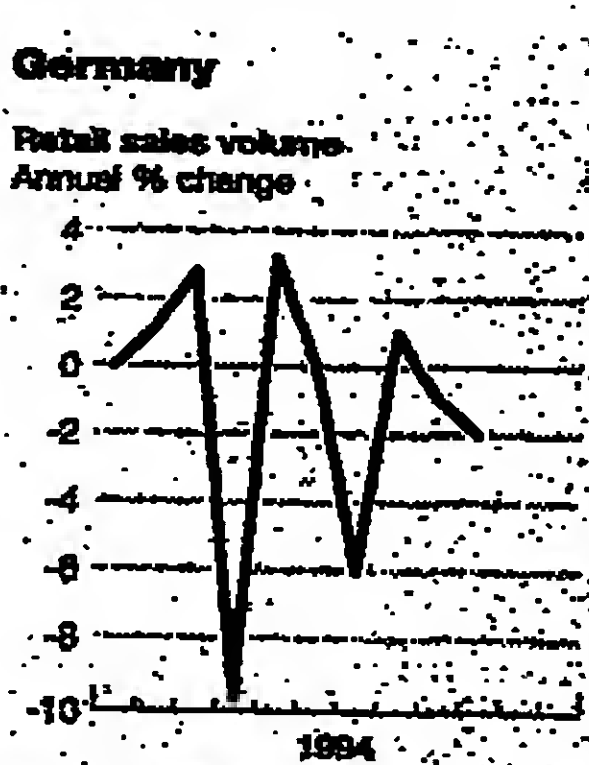
minister, before being appointed prime minister in 1952. As premier he helped restore public finances, introducing austerity measures and issuing a successful bond, known as the "emprunt Pinay", which allowed savers to convert cash and gold which had been stashed away in the post-war years into legal, tax-exempt savings. Mr Pinay returned to the cabinet as foreign minister in 1955 and became finance minister when Charles de Gaulle formed the first government of the fifth republic in 1958. John Riddling, Paris

## Rocard rejects presidential bid

Mr Michel Rocard yesterday ruled out a comeback as the French Socialist presidential candidate, saying the party would need time to find another candidate to replace Mr Jacques Delors. Mr Rocard, a former prime minister, was considered the Socialists' natural candidate until he was ousted as party leader last June for poor leadership of the party's campaign in the European parliament elections. A Louis Harris poll, conducted before Mr Delors announced on Sunday he would not run, showed that Mr Rocard, a former education minister, led the field of alternative candidates. David Buchanan, Paris

## ECONOMIC WATCH

## German consumption still weak



German private consumption is showing continuing weakness as retail sales figures for October, released yesterday, indicated a decline of 2 per cent in real terms from the same month a year earlier. The fall against September this year (seasonally and calendar adjusted) was also 2 per cent. September's figure had shown a rise against August. Last week's three-quarter figures for west German gross domestic product had indicated a stronger rise in private consumption than expected, put down by some economists to the seasonal adjustment process which they said might no longer reflect buying trends. Yesterday's announcement from the federal statistics office showed consumption has still to pick up after the recession. The decline in the first 10 months was a real 1 per cent for the whole country. Department store turnover in west Germany, down a nominal 8 per cent, was especially weak. Mail order sales dropped 3 per cent and those of supermarkets fell 4 per cent. Andreas Fisher, Frankfurt

■ Norway's trade surplus in November fell to Nkr6.2bn (\$455m) against Nkr1.1bn in October. The trade surplus for November 1993 was Nkr3.5bn. ■ Spain's budget deficit narrowed in the first 11 months of 1994 after revenues rose 4.4 per cent and spending climbed 2.7 per cent, said Mr Pedro Solbes, economy minister. He said Spain's current account deficit would be slightly above forecast for this year, at about 1 per cent of GDP, while the deficit for 1995 could be similar.

## N Caucasus republics nurture old enmities

By John Lloyd in Vladikavkaz, North Ossetia

The North Caucasian republics remain trapped in a net of historical grievances and unfulfilled national ambitions, which 70 years of Soviet rule, followed by its sudden loosening, have complicated rather than solved. The 5m people, divided into half a dozen republics and into scores of ethnic and linguistic groups, ranging from a few thousand to some hundred thousands, have bitter experience in common, together with a pervasive tradition of powerlessness. But this has not been a unifying force and even now divides as much as unites.

The area's importance is twofold. First, the republics are constitutionally Russian and thus must decide their future with Russia. The independence ambitions of Chechnya in particular are a threat to state integrity and thus to the strength of the Russian leadership and its support from liberal parties now opposed to the use of force. Second, the area is largely Moslem and thus arouses strong Russian fears of "extremism" and provides a focus for at least latent sympathy of many millions of Moslems in Russia and in Azerbaijan and central Asia.

The North Caucasian republics strung out between the Black and Caspian seas, along

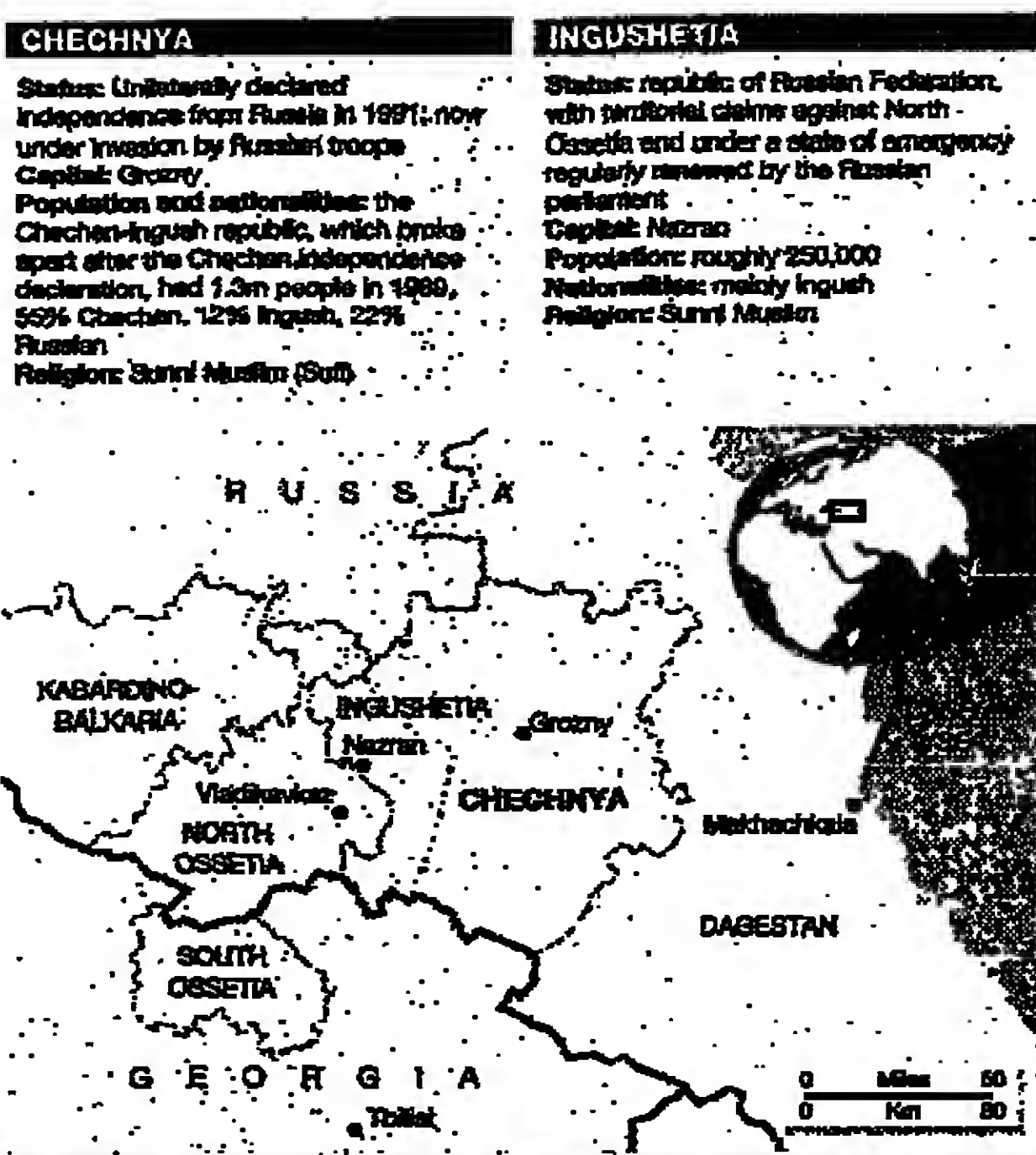
the Caucasus mountain range, which divides Russia from Georgia, Armenia and Azerbaijan, are (from west to east): the Adygheya republic, separated from the others by Russian territory and with an ethnic Russian majority; the Karachai-Cherkess republic, in which the two main groups which make up the republic's name coexist uneasily; Kabardin-Balkaria, which has the same problem; North Ossetia, the only largely Christian state, whose sister southern republic is formally within Georgia; Ingushetia, which split from its ethnic cousin, Chechnya, three years ago and still has a clear border with it; Chechnya, the centre of the conflict; and Dagestan, the largest and most ethnically complex, with more than 30 groups in delicate counterbalance.

For centuries at the edge of competing empires, the Northern Caucasus was absorbed into Tsarist Russia in a series of brutal campaigns up to the mid-1860s. They were seen as a barrier between Russia and its hegemony over Georgia and Armenia which had come under Russia's sway in the early 1800s. Where these southern people were seen by the Russians at least for a time as Russified, "the people of the Northern Caucasus were seen as out-and-out savages", according to Suzanne Golden-

berg, author of a recent history of the region. The cruelty of their imperial suppression is one defining factor; the degradation of the Soviet period is an even fresher one. Chopped into various and frequently altered administrative regions in the twenties, subjected (especially the Chechens) to vicious purges in the thirties, deported and murdered for suspected Nazi collaboration in the forties (again, especially the Chechens), the North Caucasian peoples emerged into the post-war period with too heavy a historical burden to be dissolved by the strokes of a pen in Moscow.

They now suffer disproportionately from the economic dislocation which afflicts all Russia. They bear the added burden of open ethnic tension between and within them and the inspiring but fearful example of Chechnya's drive for independence.

On the fringes of the talks between Russian and Chechen negotiators yesterday was a delegation from the Confederation of Caucasian Peoples, an ad hoc group formed in 1989 with the aim of uniting the different republics. Mr Aliev, the speaker of the confederation's "parliament" and himself from Dagestan said that "our position is that we defend the rights of the little peoples



**CHECHNYA**  
Status: Unilaterally declared independence from Russia in 1991; now under Russian military occupation.  
Capital: Grozny.  
Population and settlement: The Chechen-Ingush republic, which broke apart after the Chechen independence declaration, had 1.2m people in 1989. 500,000 Chechens, 120,000 Ingush.  
Religion: Sunni Muslim (Sun).

**INGUSHETIA**  
Status: Republic of Russian Federation, with restricted administrative rights.  
Capital: Nazran.  
Population: roughly 250,000.  
Settlement: mainly Ingush.  
Religion: Sunni Muslim (Sun).

**NORTH OSSETIA**  
Status: Republic of Russian Federation.  
Capital: Vladikavkaz.  
Population: 682,400.  
Settlement: 50% Chechens, 30% Ossetians, 10% Ingush, 10% other.  
Religion: largely Christian.

**DAGESTAN**  
Status: Republic of Russian Federation.  
Capital: Makhachkala.  
Population: 1.5m.  
Settlement: 25% Chechens, 25% Ingush, 25% Dagestanis, 25% other.  
Religion: Sunni Muslim (Sun).

of the Caucasus. Now in Russia there is a war party. Our task is not to allow that party to win. For, if there is a war it would not be a Russian-Chechen war, it would be Russian-Caucasian war, it would be Russian-Caucasian war."

This may be over-dramatic. The splits in the North Caucasus, especially between the North Ossetians and the others

are deep. All except the Chechens have come to some accommodation with the fact of Russian authority. But in all of these states there are many young men with arms who might respond to a call to rebel. The squashing of Chechnya, if it is to take place, would ignite old fires across the Caucasus.

## Hungary fails to appoint new bank chief

By Virginia Marsh in Budapest

Hungary's Socialist-led government was last night preparing to appoint a temporary central bank governor after failing to find a replacement for Mr Peter Ákos Bod, who announced three weeks ago he would step down today.

Mr Bod, a political appointee of the former conservative administration, was forced out

midway through his six-year term. Government officials said Mr György Szapary, one of five deputy governors, would take over in a temporary capacity.

The failure to find a new governor was a political embarrassment for the government, analysts and western diplomats said. The appointment of a new governor, who will have responsibility for monetary policy, is a litmus

test of the government's commitment to economic reform at a time when Hungary is under pressure to reduce its large current account and budget deficits and prevent its \$20bn foreign debt from rising further.

Cuts in spending, however, are being resisted by trade unions.

In the summer Mr Gyula Horn, prime minister, said he favoured Mr György Suranyi,

a highly-respected former central bank governor, as a successor to Mr Bod.

But the issue has fallen victim to political infighting between the Socialists, their Free Democrat partners, and factions of the Socialist party.

However, it is not clear whether Mr Horn, who represents the left wing of the Socialist party, will accept the pre-conditions set by Mr Suranyi, a tough-minded techno-

crat who was sacked as governor by the former government. He is believed to have demanded full central bank independence and a say in economic policies and in appointing deputy governors.

Mr Suranyi is also a strong advocate of strict monetary policy and of a reduction in the budget deficit, which is expected to exceed 7 per cent of gross domestic product this year.

## French MPs ban corporate gifts to parties

By David Buchanan in Paris

The French National Assembly yesterday voted to ban corporate contributions to political parties and candidates, in a move to remove widespread suspicion of corruption in French political life.

But clearly hoping to maintain their political life-style, deputies also refused to lower the ceilings on spending by parties and individual candidates. They also demanded that the state should step in to finance the gap which will be

created by the ban on company gifts.

Mr Charles Pasqua, interior minister, said the government would try to get MPs to reconsider and to lower the ceilings on political expenses during the rest of the debate which will wind up in the National Assembly this week and move to the Senate next week. But the Balladur government is now encountering more trouble from within its parliamentary majority than from the opposition Socialists.

But the new outright ban on

corporate campaign contributions threatens to "bring back the bag men with their suitcases of money," said Mr Guy Carcassonne, a law professor who helped the Rocard government design its 1990 law. This law, together with an earlier piece of legislation in 1988, legalised and therefore controlled companies' gifts to politicians, while also introducing some public funding of political expenses.

At the outset of the latest corruption scandals, Prime Minister Edouard Balladur

argued that the allegations that led to the resignation of three of his ministers related largely to events before 1990, and therefore the subsequent legislation should be allowed to work. But public reaction has since forced him into endorsing more drastic action to cut the umbilical cord between business and politics.

Mr Pasqua said he was ready to raise from 30 to 50 per cent the proportion of candidates' election expenses that the state was prepared to reimburse, but some MPs yesterday said they

wanted this share raised to 70, or even 100 per cent.

According to the national watchdog body on political campaign spending, companies gave a total of FF367m (\$43.5m) to parties and candidates in 1993, more than triple the amount given by individuals.

Meanwhile, the Senate yesterday rejected a controversial national assembly amendment that would have made it illegal for the press to publish the results of magistrates' investigations.

## Doubts deepen over Slovak sell-off

By Vincent Boland in Bratislava

Mr Vladimir Meciar became prime minister of Slovakia for the third time last night, assuming almost complete control of the country's privatisation policy amid widespread confusion over the immediate future of a \$2bn sell-off of state assets scheduled to begin tomorrow.

His appointment as privatisation minister of Mr Peter Bisak, a virtually unknown nominee of the radical left-wing Workers' party, one of the three coalition partners in the new government and a fierce opponent of selling off state companies, signals a serious downgrading of the ministry. It leaves policy in this crucial area in the hands of Mr Meciar and Mr Sergej Kozdik, his new finance minister and chief economic adviser.

A lame duck privatisation ministry also suggests a much greater role for the National Property Fund, the body that administers companies being read for privatisation and which Mr Meciar has packed with his own supporters.

During September's election campaign the prime minister said he would introduce wholesale changes in the way state assets are sold, and to whom. Mr Meciar is expected to push for sales to existing company management, many of whom are supporters of his populist Movement for a Democratic Slovakia (HZDS), the dominant coalition partner.

The third coalition member is the extreme right-wing Slovak National party. Mr Meciar's new government has 83 of parliament's 150 seats.

It was the pursuit of this policy that forced Mr Meciar and his last government from office last March amid allegations that he was diverting sales proceeds to finance the HZDS. He has long argued for delaying the first sell-off of companies in a programme of coupon privatisation under which Slovak citizens exchange vouchers, bought for a nominal sum, for shares in companies of their choice. More than 3m Slovaks have already bought vouchers in the scheme, put together by the outgoing government.

The most significant change to the voucher programme is likely to be the

removal of shares in what Mr Meciar has termed strategic industries, including Slovakia's electricity and gas companies, which represent at least 10 per cent of the total value of \$k50bn (\$1.9bn) and almost certainly damp investor sentiment.

Mr Lubos Sevik of VUB Kupon, the country's biggest investment manager, said the removal of two companies "will make the whole process far less attractive" to investors.

Investment managers, who are hoping to invest the vouchers on behalf of hundreds of thousands of Slovaks in privatised companies through specially created investment vehicles, are in the dark as to the government's intentions. Many say, however, that they have prepared the new funds on the assumption that there would be at least some delay to the coupon programme, and have continued to woo potential investors.

"It is one of the risk factors involved," said Mr Jura Sikory, president of Harvard Capital and Consulting Slovakia, a big investment fund manager.

A delay in starting the so-called "zero

round" of the coupon programme, during which investors allocate their vouchers to fund managers, is less important than a change to the list of companies on offer. That list has already been changed five times since the process began in September, and nobody yet knows which companies are included. A lot of administrative work still has to be done to prepare the final list for sale.

The NPF has made board changes at some of Slovakia's biggest companies, including the petrochemical giant Slovnaft, since Mr Meciar succeeded in placing his nominees on its management board after a parliamentary session in early November that has become known as "Bloody Thursday". He also secured control of Slovak radio and television by the same means.

Slovnaft has since postponed a \$100m international share offering because of fears by Kidder Peabody, the investment bank leading the offering, that investor sentiment had been badly affected by Slovakia's political instability. The offering is expected to be relaunched early next year.

THE FINANCIAL TIMES  
Published by The Financial Times Group  
(Europe) GmbH, Nibelungenplatz 3,  
10115 Frankfurt am Main, Germany.  
Telephone: +49 69 156 350, Fax: +49  
69 156 3431, Telex: 416193. Represented  
in Frankfurt by J. Walter Brand, Wil-  
helm J. Bräuer, Colin A. Keenan and  
Geschäftsführer and in London by  
David C.M. Bell and Alan C. Miller.  
Printed by DPM Druck-Vertrieb und Mar-  
keting GmbH, Adm.-Red.-Büro:  
Strasse 51, 63203 Neu-Isenburg (owned  
by Harnett International) ISSN: ISSN  
0174-7363. Responsible Editor: Richard  
Lambert, c/o The Financial Times Ltd.,  
Number One Southwark Bridge,  
London SE1 9HL, UK. Shareholders of  
The Financial Times (Europe) GmbH  
are The Financial Times (Europe) Ltd.,  
London and F.T. (Germany) Adver-  
tising Ltd., London. Shareholder of the  
above mentioned two companies is: The  
Financial Times Limited, Number One  
Southwark Bridge, London SE1 9HL.  
The Company is incorporated under the  
laws of England and Wales. Chairman:  
D.C.M. Bell.  
FRANCE: Publishing Director: D.  
Good, 168 Rue de Rivoli, F-75004 Paris.  
Cables: 01. Telephone: (01) 4297-0621.  
Fax: (01) 4297-0629. Printer: S.A. Nord  
Eclair, 15021 Rue de Calais, F-93100  
Roubaix. Cables: 1. Editor: Richard Lam-  
bert, ISSN: ISSN 1125-2153. Commis-  
sionaire Parnasse No 67808D.  
DENMARK: Financial Times (Scandin-  
avia) Ltd., Vimmelskøj 42A,  
DK-1161 Copenhagen. Telephone: 33  
13 44 41, Fax: 33 03 53 35.

**Richard Waters** on the part played by the firm in selling the securities on which the losses were made

Doubts about the right strategy have been reflected in the White House's to-ing and fro-ing about Thursday night's speech. Although Mr. Clinton wanted to lay out his plans for the next two years sometime before Christmas, it was not until Monday evening that the speech was firmly written into his diary.

The battle over who can propose the most attractive tax cut for the middle class — defined, as is usual in American politics, to include virtually everyone — has dismayed the Congress's purest fiscal conservatives, who worry about the persistence of high budget deficits.

# comeback

Many people interviewed by television and radio stations yesterday expressed disappointment at the ruling, but no great surprise. An opinion poll conducted ahead of the trial found more than half the interviewees believing Mr Collor would not be found guilty of the charge he faced of "passive corruption".

building at earlier stages of production. The core producer price indices for crude and intermediate goods rose 3.4 per cent and 0.9 per cent last month. Over the past six months, core intermediate goods prices have risen at an annualised rate of 7.5 per cent. "The Fed has to raise short-term rates significantly if it is to avoid a hard landing in 1995," said Mr Richard Berner, chief economist at Mellon Bank in Pittsburgh. Mr Berner expects real economic growth to peak at an annualised rate of 6 per cent this quarter before slowing to about 2.5 per cent next year.

**(Japan Airlines and American Airlines are linking their FFP's.)**



We both pride ourselves on taking exceptional care of our passengers, so earning your mileage credits should be just as enjoyable as spending them. Go on, treat yourself. Book now or call your local Japan Airlines office or American Airlines office for full details.



**Japan Airlines**  
A WORLD OF COMFORT

American Eagle and AAdvantage are registered trademarks of American Airlines, Inc. American Airlines reserves the right to change AAdvantage program rules, regulations, travel awards and special offers at any time without notice, and to end the AAdvantage program with six months notice. AAdvantage travel awards, mileage accrual and special offers are subject to government regulations.  
\* Includes American Eagle® services. American Eagle is American Airlines regional airline associate.

# IMF agrees to Philippine money targets

By Jose Galang in Manila

The Philippines yesterday won International Monetary Fund approval for a request to raise ceilings on the country's monetary growth while keeping its programme for economic expansion on track.

The agreement removes a big obstacle in the current IMF review of the country's compliance with economic performance targets to enable it to draw the second tranche of the \$648m (\$415m) credit support for the economic programme.

A visiting IMF technical team had initially rejected the Philippine debt negotiators' request, which led Mr. Chelito Habito, the socio-economic planning secretary, to remark that Manila should abandon the Fund's programme if the new monetary target is not allowed.

The threat, however, was contradicted later by Mr. Gabriel Singson, governor of the central bank, who insisted that the IMF programme was still needed by the country. Mr. Singson is head of the negotiating panel with the IMF.

Under the programme, approved only in June, base money (money held by banks

and the public plus banks' deposits with the central bank) is to grow by 13 per cent next year to about 3.5 per cent of gross national product.

The Philippines asked that the growth rate be allowed to increase to 16 per cent, because of a recent surge in base money levels which was traced to increased levels of foreign exchange flows into the country. Following the improved investment climate, Philippine officials also are seeking an upward adjustment in inflation targets, also owing to caused by the effects of the higher foreign-exchange flows.

Philippine officials are confident that the economy could grow by up to 6.5 per cent next year, against 5 per cent earlier projected. This year the growth rate is forecast at about 5.5 per cent, the best since 1989.

So far, growth has been bolstered by strong investment and exports, although independent economists fear that a large trade deficit, if unchecked, could derail this.

The IMF mission ends its visit on Friday.

## No-confidence vote avoided

# Thai minister quits in land row

Thailand's agriculture minister resigned yesterday, averting a no-confidence motion that could have shaken the government anew just days after the defection of a key party in the ruling coalition. Agencies report from Bangkok.

The opposition had planned to call a no-confidence motion today against the minister, Mr. Nipon Promphan, and his former deputy, Mr. Suthep Thueksuban, because of allegations that Mr. Suthep had manipulated a land reform programme to favour rich landowners.

Mr. Nipon submitted his resignation to Mr. Chuan Leekpai, prime minister, to take responsibility for the scandal threatening to taint the government and Mr. Chuan's Democrat party. Both Mr. Nipon and Mr. Suthep, members of the Democrat party, insist they are innocent.

Mr. Suthep resigned as deputy agriculture minister last week, saying it would allow him to defend his actions without being accused of trying to cling to his position.

A no-confidence motion could have opened more divisions in the two-year-old Chuan administration days after it was thrown into crisis

by the withdrawal last Friday of the New Aspiration party. The party, the second largest in the coalition, pulled out after siding with the opposition to vote down democratic reforms.

On Monday the Chart Pattana (National Development) party agreed to bring its 50 seats to the government, giving the coalition 201 votes in the 380-seat House of Representatives.

Mr. Chuan's Democrat party will take over the all-important interior ministry in a cabinet reshuffle caused by last week's defection of the coalition partner, party officials said yesterday.

Mr. Sanan Kachornprasart, now industry minister, will take over the interior portfolio, whose responsibilities include police and local government. The interior post was vacated by General Chavalit Yongchaiyudh, the New Aspiration party leader, when his party withdrew from the government.

Mr. Sanan, who is also Democrat party secretary general, said Chart Pattana would get 14 of the 45 government ministry portfolios, including deputy prime minister and junior minister posts.

## Elderly consumers' preferences range from anti-wrinkle cream to books on dying

# Japan's grey army captures niche market

By William Dawkins in Tokyo

The growing army of ageing Japanese represents an important new consumer market, according to Dentsu, the country's largest advertising agency.

The grey wave has, over the past year, become a lucrative opportunity for sellers of cosmetics, life insurance and books about death, on the evidence of the agency's annual survey of hit products, a revealing barometer of Japan's changing public tastes. It is likely to be a long-term trend, as Japan has the world's fastest ageing population profile, with more than one in four destined to be older than 65 by the year 2021.

Examples of grey wave winners include cosmetic group Shiseido's new anti-wrinkle liquid, of which it

has sold 1.5m bottles in its first year after launch. This is double Shiseido's initial projection, partly because Wrinkleless Essence has also sold surprisingly well among skin-conscious mid-20 year olds. Cures for baldness, an affliction that dogs an estimated 15m Japanese, represents another fast growing market, in every sense.

In tune with the Japanese love of long-term planning, many are preparing now for the end. Books about dying are experiencing a revival, showing "a greater desire to learn how to live and how to die," says Dentsu. The most popular, *Peaceful Death*, by radio commentator Roku-suke Iki and published in March, has sold more than 1m copies.

To ensure consumers can afford to keep spending all the way to the grave, Japanese life insurers have

offered a new policy that pays out six months before death, on presentation of a doctor's certificate. Sales are estimated to have reached 1m in the first half of the year alone.

Nostalgia, meanwhile, is running high among young and old alike, which Dentsu attributes to a backlash against the technological sophistication of the 1990s. Space invaders, one of the first computer games, is making a comeback 16 years after its launch. Taiko, its maker, has sold 300,000 copies this year in the original black and white format and has increased its target to 1m, says Dentsu. Buyers range from young families up to the grey wave.

The products that have made a hit over the past year indicate that Japanese consumers crave familiarity in what they buy, perhaps a mark of the

shock inflicted by the worst recession since the second world war. The innovations to have made Dentsu's 1994 list are, revealingly, improvements on old ideas. There is a wrinkle-free shirt, made from a fabric that remembers its pristine shape, and a white swimsuit designed not to go transparent when wet.

Bargains continue to be as popular as they were in the midst of the downturn, but this year the focus has shifted to imports, cheapened by the rise in the yen's value. Car imports rose by nearly 46 per cent in the first nine months of the year, led by Japanese models made abroad and followed by German and US vehicles. Drinks were the other beneficiary of the import boom, helped by the hottest summer for years. One of the biggest winners was US cola, on

supermarket shelves at a mere ¥30 (24p) a can.

Consumers were slightly more prepared to buy luxuries in 1994 than they were in 1993. But truly extravagant gestures such as seen in the heady late 1980s are now absent, mourns Dentsu. So the best-selling expensive products have made a point of offering value for money.

Dentsu's top product in this category is the silent electronic piano, which can be played through earphones. The hard-pressed piano industry is pinning hopes for a revival on it. This is a boon to families with musical children - 80 per cent of the silent piano market - living in cramped apartments. It allows their parents to grow old in peace, perhaps dozing in front of another 1994 hit product, the wide-screen television.

## Strong growth challenges NZ governor's inflation contract

Terry Hall on the struggle to keep price rises below 2 per cent

Mr Don Brash, governor of the New Zealand Reserve Bank, is grappling with the challenge of holding inflation below 2 per cent without stifling growth in an economy that is showing one of the strongest recoveries in the developed world.

He operates under a statutory contract that puts him in charge of monetary policy under strict inflation parameters. These stipulate that he must not let inflation rise above 2 per cent.

Mr Brash's immediate challenge is what to do about the strength of the recovery, with growth in gross domestic product running at 6.1 per cent, arousing fears that the economy could overheat. This would tip it, in his words, "away from sustained growth to the boom-bust cycle New Zealand has endured in the past".

Outlining his concerns yesterday in the central bank's economic statement, he said that the rise in interest rates by around a percentage point over the past fortnight had been warranted. Mr Brash said this had allowed the bank to lower its estimates of underlying inflation. It now expected underlying inflation to peak at 1.7 per cent early next year, and drop to 1.4 per cent by early 1996.

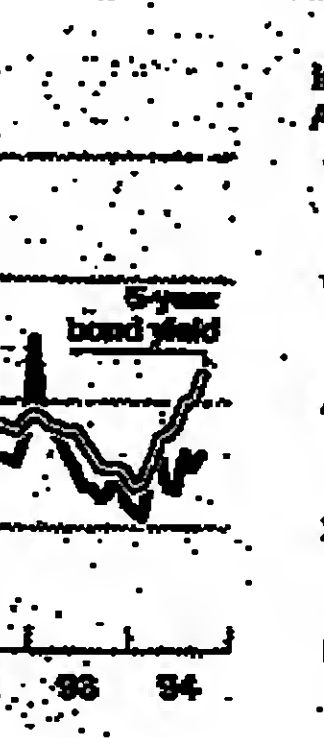
However, he warned that the bank would act at the first sign that underlying inflation might exceed 2 per cent. Mr Brash made clear he was happy that the financial markets had taken the hint in late November that the Reserve Bank would tolerate higher interest rates by pushing market rates higher.

Mr Brash's handling of monetary policy is under intense scrutiny. He agrees that his powers have not been tested through a full economic cycle since the passing of the

New Zealand



Inflation



Real value growth



New Zealand's high growth rate will lead to a "big increase" in the NZ\$1.28bn (\$250m) budget surplus forecast for the current fiscal year by the government as recently as June, Mr Bill Birch, finance minister, said yesterday, Peter Montagnon, our Asia Editor, reports.

Small increases can also be expected in the surpluses of NZ\$3.1bn and NZ\$255m forecast for the two following years to June 1996 and 1997. Growth had boosted tax revenues and reduced welfare payments, he said. "I share the opinion that

continued fiscal discipline is essential to maintaining low inflation and strong growth," he added.

The government would maintain its goal of reducing net public debt to 30 per cent of gross domestic product by June 1997 from 43 per cent in the middle of this year.

The Organisation for Economic Development and Co-operation said last week that New Zealand should use its improved fiscal position to pay expensive debt rather than increase public spending.

Reserve Bank Act in 1989 which stipulates the terms of his inflation-beating contract. A drawn-out recession in the first few years of the decade helped the bank bring inflation below 2 per cent.

However, critics say the Reserve Bank Act's inflationary parameters are too restrictive. As soon as the economy starts to show worthwhile growth, they say, the Reserve Bank is forced to tighten the monetary screws, putting growth at risk.

Mr Brash's particular concern is inflationary expectations. The consumer price index is forecast to rise to

more than 4 per cent next year.

Mr Brash's statement yesterday that he wanted monetary conditions to stay "firm" gave the green light to mortgage rate rises by around 1.5 points to 11 per cent with similar rises in business borrowing costs. These would be in line with increases in short-term rates.

Mr Brash is receiving ample advice on how to do his job. Critics such as Mr Gareth Morgan, a private forecaster, say he should have applied the brakes earlier this year when it was apparent that the economy was performing strongly. However, others say that if he had

acted earlier it might have cut off the recovery before it took hold.

Mr Brash said yesterday that he would not know if he had been right until next year as lags in the economy made it difficult to judge the impact of any decision.

There are ample signs of resurgent inflation. The Reserve Bank's survey last month showed house owners expected inflation of 4.4 per cent next August. There has also been a sharp lift in retail sales, new house approvals, car sales, and private sector credit.

Prices of homes, especially in Auckland, have risen strongly, helped by rising numbers of wealthy Asian migrants. The Reserve Bank is concerned at growing skills shortages in the labour force, which could lead to higher wage demands.

Other signs of growth include a drop in unemployment to 7.5 per cent from 9.5 per cent in 1993 and 10.3 per cent the two previous years.

Adding to the problems faced by the Reserve Bank has been a sharp rise in the value of the New Zealand dollar, up 1.5 cents against a trade-weighted basket of currencies. This has also helped reduce inflationary pressures in an economy heavily dependent on imports.

## INTERNATIONAL NEWS DIGEST

# Former Ethiopia rulers on trial

Ethiopia's former Marxist rulers were put on trial yesterday, charged with genocide and crimes against humanity during a 17-year dictatorship which ended with the overthrow of Col Mengistu Haile Mariam in 1991. It is the first time an African government has attempted to make a former regime accountable for human rights violations, and its conduct may provide a model for nations such as Rwanda and Liberia. Col Mengistu, who lives in exile in Zimbabwe, and 20 officers of his military junta are being tried in absentia. Attempts by the transitional government to obtain their extradition have failed as the accused face the death penalty if found guilty. The 45 former officials who appeared before the central High Court in Addis Ababa yesterday were charged with ordering the killings and disappearances of more than 2,000 identified people. From 1974 to 1991 tens of thousands of Ethiopians were murdered, tortured or disappeared. Some human rights groups, such as Amnesty International, have expressed concern over the possible application of the death penalty and the human rights violations of the present government, led by President Meles Zenawi. *Leslie Crawford, Africa Correspondent*

## Islamic states set code on terror

Islamic states at a summit in Casablanca have adopted a code of conduct for combating Muslim militants fighting member governments. A resolution passed by foreign ministers of the Organisation of the Islamic Conference (OIC) yesterday also commits the states to ensure that militant groups do not use their territory for planning operations in other states. Iran, Sudan and Afghanistan, three states which have been named in the past as bases for such activity, did not oppose the resolution, delegates said.

"This is a remarkable step. The Islamic countries have finally woken up to the fundamentalist violence which endangers them," a member of the Algerian delegation said. Algeria, Egypt, Oman and Tunisia were the main sponsors of the resolution, entitled "a code of conduct for combating international terrorism." *Reuter, Casablanca*

## Japanese voters shun party

The launch of the New Frontier party, Japan's new political opposition alliance, has made little impact on voters, according to a poll published yesterday. A telephone survey by the Nihon Keizai Shimbun, the economic newspaper, found that a mere 14.8 per cent supported the NFP. The survey of 1,500 people was carried out in the 24 hours after the NFP's launch on Saturday. One explanation for the NFP's low rating, offered by the newspaper, is that voters find little new in its leader, Mr. Toshiki Kaifu, a former Liberal Democratic party prime minister, and Mr. Ichiro Ozawa, an influential political strategist. The pair made voters feel as if time had been reversed, a Nihon Keizai Shimbun editorial said. It argued that the nine political parties which merged to form the NFP did so primarily to improve their chances under a new electoral system to take effect on December 25, and lacked a clear message. The NFP's low popularity may also reflect a general ebb in public interest in politics, after three confusing changes of government in the past 18 months. The survey showed a larger than usual proportion of people - 27.5 per cent of the total - who supported no party. The ruling LDP has 28.6 per cent support while the LDP's coalition partner, the Social Democratic party, was backed by 11.9 per cent. *William Dawkins, Tokyo*

## Bank bail-out under fire



Japan's trade minister has attacked a central bank-led rescue of two troubled credit companies in remarks which analysts said reflected concern about using public funds to bail out financial institutions. "If I had been told about the recent rescue package before the announcement, I would not have agreed to that," Mr. Ryutaro Hashimoto (left), minister of international trade and industry, told a news conference. The Bank of Japan, in its first such emergency bail-out of private lending institutions, announced on Friday that it would join private banks to set up a bank to rescue two ailing credit companies saddled with bad loans - the bulk inherited from the bursting of the nation's late 1990s "bubble" economy. The central bank said the Tokyo-based institutions, Anzen Credit Bank and Tokyo Kyowa Credit Association, had total bad assets of ¥100bn (\$1bn). *Reuter, Tokyo*

## Donors back Malawi changes

Foreign aid donors yesterday promised to cover Malawi's estimated \$122m external financing gap in 1995-96, praising its recent transition to democracy but also recognising low rainfall reduced next year's harvest prospects. At a meeting chaired by the World Bank, international aid organisations and six leading western donors praised Malawi's "remarkably peaceful and orderly" move to democracy after May's elections. The Malawi delegation, led by Mr. Aleke Banda, the finance and planning minister, reported that new anti-corruption legislation was in train as well as a 50 per cent increase in primary school enrolment. *David Buchan, Paris*

Japan's private sector machinery orders, excluding those for shipyards and power companies, totalled ¥911.2bn in October, down a seasonally adjusted 1.8 per cent from the previous month but up an unadjusted 17.4 per cent year-on-year. *Reuter, Tokyo*

China expects to post a 1994 trade surplus of \$6m, returning to the black after a \$12.19bn deficit in 1993 ended three years of trade surpluses. The customs department, in a report quoted in the Economic Daily, forecast total 1994 exports at \$130bn, up from \$91.75bn in 1993, and imports at \$114bn, up from \$103.95bn. *Reuter, Beijing*

Creeping up on the millions of people who draw sustenance from the Mekong river is the threat of a dash to dam and exploit one of the world's longest rivers.

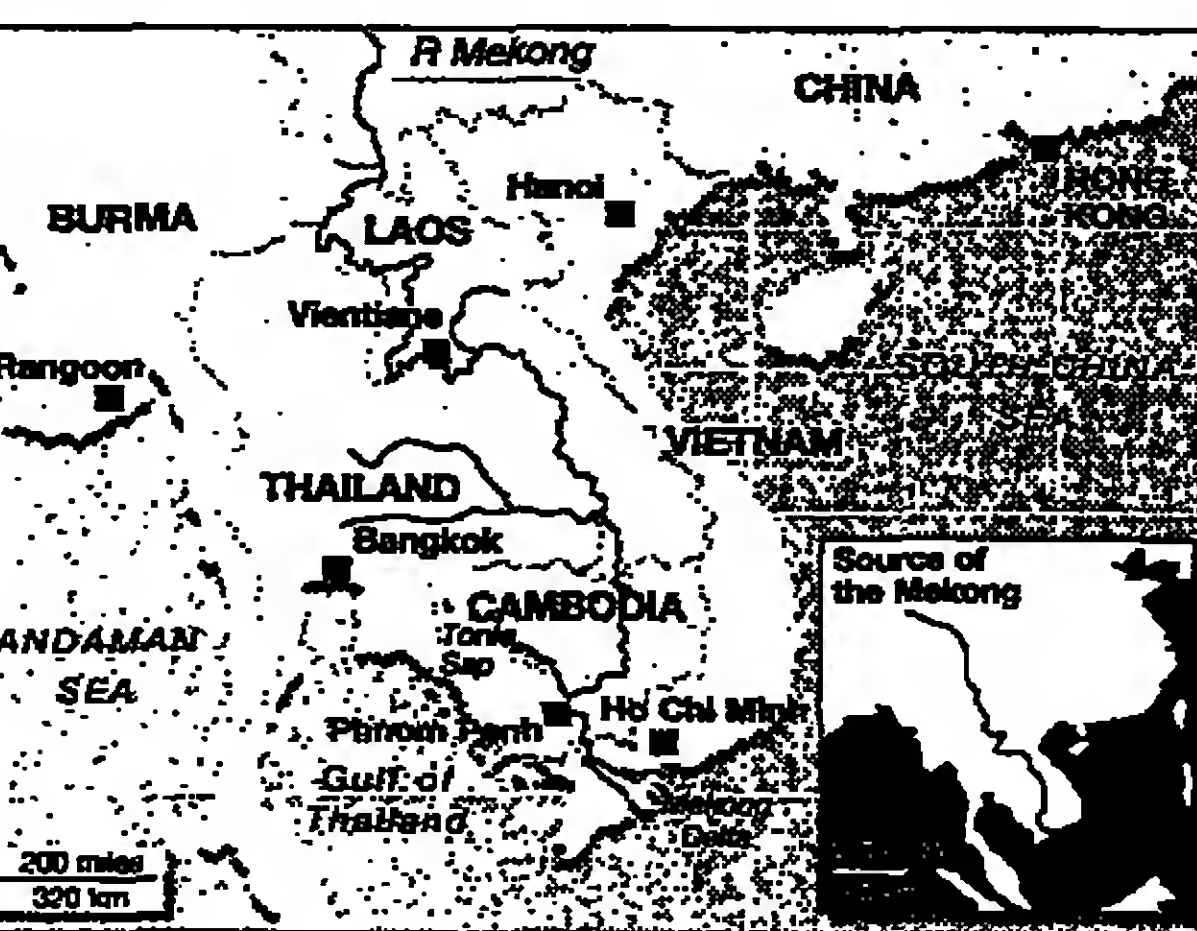
Last month Thailand, Vietnam, Cambodia and Laos agreed to resurrect their long-dormant Mekong oversight committee. The agreement - brokered by the United Nations Development Programme - breathes new life into decades-old plans to develop the Mekong Basin that were frozen by more than two decades of warfare and ideological turmoil in Indochina.

There is only a handful of tributary dams in the upper and middle reaches of the river. Now Laos alone is proposing to build 58 dams by the year 2020, mostly to feed voracious demand for energy in neighbouring Thailand and eventually Vietnam.

Mr Kithong Vongsay, chair-

man of the Lao National Mekong Committee, says the whole of the lower Mekong area could generate 37,000MW of electricity, of which Laos could account for 18,000MW. The country's two main dams produce 210MW and are already its biggest foreign exchange earner. Thailand, which also wants to irrigate its arid north-east, has virtually run out of dam sites because of local opposition to environmental destruction.

"This is a modern agreement, a pragmatic agreement," says Mr Prathet Sutsabutr, director of Thailand's department of energy development and co-operation. "Each country will have the right to do what they think is justified in their own territory." One US banker in the region says the work will be a "bonanza" for construction companies, bankers and water engineers. But environmental groups say Mekong projects often ignore



the fragile ecology of a region fed by a river which descends from the snowy Tibetan plateau to the warm waters of the Vietnam Delta.

In the 1940s US engineers, fresh from numerous "big dam" projects in north Amer-

ica, first laid plans for a cascade of "multi-purpose" dams along the river for electricity, flood control, irrigation and improved river transport.

Then, as now, would-be dam builders who cite their ability to "control" the Mekong's annual flooding frequently omit to mention that the flooding is part of a complex cycle of natural activity.

The Mekong's watersheds receive hardly any rain in the early months of the year allowing salt water from the South China Sea to penetrate 500km inland, as far as the middle of Cambodia. But monsoon rains transform the Mekong in May. The water flow into the Vietnam Delta increases 30-fold and certain stretches of the river can rise by as much as a six-storey building.

The annual reversal of the flow of water back into Cambodia's economic heart, the

Tonle Sap lake, is unique and important fueling one of the world's most productive freshwater fish industries.

Ecologists say that 90 per cent of the fish in the Mekong basin spawn not in the river but in submerged forests and fields. Among the many complex arguments against rapid development is that dams which hold back silt might decrease downstream fertility, risk increasing incursions of salt water and worsen flooding.

"Salt waters run dead," says Mr Tyson Roberts, a specialist in freshwater fish from the University of California. "The people who live above or below dams almost never benefit. But the worst dangers from dams can be downstream: it is quite possible to imagine the Mekong Delta itself (Vietnam's rice bowl) being eroded away."

Mr Roy Mowry, the United Nations Development Programme's resident representative in Hanoi, says the new co-operation agreement - which will be signed early next year - is an improvement on the old one. "For the first time the members have an avenue of appeal. Any arguments not resolved in the joint working committee can be sent to a policy-making council - there was never anything resembling a council before."

Yet, says Mr Vitton Parnpangsachareon, general secretary of the Project for Ecological Recovery in Bangkok, the new agreement weakens the old rule that member countries could veto projects that diverted or tributed the river and its main tributaries.

**TUNNOK'S**  
EST. 1890  
STILL A FAMILY BUSINESS

We congratulate our staff on achieving BS EN ISO 9002

**CARAMEL**  
WAFERS NEVER TASTED BETTER!!

**TUNNOK'S**  
MILK CHOCOLATE COATED  
CARAMEL  
WAFER BISCUIT  
Net 25.5g

**TUNNOK'S**  
MILK CHOCOLATE COATED  
CARAMEL  
WAFER BISCUIT  
Net 25.5g

## Biotech sector urged to seek partners

**FT** Biotechnology companies should abandon hope of becoming large pharmaceutical companies and concentrate on becoming niche players with links to big partners, a Financial Times conference on biotechnology heard yesterday, writes Daniel Green.

The sector had been through a difficult year in terms of investment said Mr Frank

Baldino, chief executive of US biotechnology company Cephalon. This was because the successes of companies such as Amgen and Genentech had not been repeated since the early 1990s. He said each biotechnological advance added to the risks and newer companies therefore faced greater risks than their predecessors. "Biotechnology companies should define themselves not on a technology but on a corporate and marketing strategy and therefore companies should

spread the risk at the research stage," he said. Mr Peter Fellner, chief executive of UK biotechnology company Celltech, warned delegates in London that "equity capital [alone] cannot fund the industry". "Most biotechnology companies," he said, "would need marriages of convenience" with pharmaceutical industry partners.

The loss of potential profits when biotech companies dealt with pharmaceuticals companies could be minimised

through "many devices", such as giving rights in some geographic areas but retaining rights elsewhere, he said. His company has a series of partnerships with pharmaceutical companies but "retains 25 per cent to 45 per cent on the net profit". Large pharmaceuticals companies could benefit too from such partnerships, said Mr John Keller, associate director, technology evaluation at SmithKline Beecham Pharmaceuticals.

He said that the

pharmaceuticals industry was being hurt by downward pressure on prices from customers in government and the private sector, and the expiry of patents on many of its best-selling drugs.

The industry's response included mergers with rivals, buying over-the-counter (non-prescription) medicines businesses, and signing deals with biotechnology companies whose research expertise supplemented the pharmaceuticals companies' own development pipelines.

## EC, US start talks on tariff changes

By Caroline Southey in Brussels

The European Commission and the US have begun informal talks on the higher import duties resulting from enlargement of the European Union. In a bid to avert a dispute, both sides have agreed to find an interim solution to losses facing the US when higher tariffs come into effect as a result of Finland, Sweden and Austria formally joining the EU early next year.

Mr Mickey Kantor, US trade representative, last week threatened retaliation if the two sides failed to reach immediate agreement on an interim compensation package. The US subsequently agreed to proceed with formal talks early in the new year.

The negotiations are part of General Agreement on Tariffs and Trade (GATT) procedures and are triggered by the enlargement of any common market, but it is the first time an interim solution has been sought. Commission officials said the EU would seek an agreement on measures to be applied for six months pending a permanent deal.

Already differences have emerged on calculating compensation. "We have to try to make a qualitative assessment of how to offset decreases against increases," a Commission official said.

However, the US has interpreted GATT rules to mean that the EU is required to offset each individual tariff increase. Both sides have also yet to agree the period over which the tariff changes are calculated. The US has said sectors such as electronics, forest products, chemicals and agricultural products would be adversely affected by EU enlargement. US trade with the EU and its three new members totalled \$20.9bn (\$8.9bn) in 1993, of which 8 per cent was with Austria, Sweden and Finland. Commission officials said that less than 10 per cent of total US trade with EU members would be affected.

### VENTURES AND CONTRACTS

## Breakthrough in US for Dornier

Dornier, the subsidiary of Deutsche Aerospace (Dasa), will supply 20 Dornier 328 turbo-prop aircraft to a regional US airline, the second biggest delivery since the aircraft was launched last year. The order is a significant coup for Dornier as major orders on the international aviation market are relatively scarce. Mr Jürgen Schrempf, Dasa's chief executive, said: "With the second big client we have finally managed the breakthrough on the hotly contested US market."

Jetstream International Airlines, the Ohio-based operator which has placed the order, has an option for a further 20 aircraft. Dornier's biggest order to date came from Horizon Air, a Seattle-based operator which placed 20 firm orders and 40 options. Dasa did not disclose the value of the order. The Dornier 328 has a list price of \$9m, can seat 33 passengers and is, with a top speed of 620km/h, the fastest aircraft in its class, Dasa said. Saab, Bombardier, British Aerospace and Embraer, the Brazilian group, are the 328's main competitors.

Air England, a Swiss operator, placed the first order for the 328 in October last year. Since then Dornier has sold the aircraft to clients in the US, Taiwan, Nigeria and India. Dornier now has 72 firm orders and a further 71 options from 16 clients. Michael Lindemann, Dornier

### German-Romanian gas venture

Wintershall, the gas subsidiary of BASF, Germany's largest chemical group, will today sign a joint venture with Romgaz, the state-owned Romanian gas company, in an attempt to tap the country's growing gas sector. Wintershall, which has tried to break the Ruhrgas gas monopoly in Germany, will import and sell Russian gas on the Romanian market. Romania, which is dependent on Russian gas deliveries, imports about 3bn cubic metres of gas a year. Although oil is Romania's primary energy source, Wintershall believes that gas will become a competitor for environmental and cost reasons. Wintershall has been seeking markets in eastern Europe for some time. It has a 5 per cent stake in Europol, the Polish state-owned gas company. Judy Dempsey, Berlin

Jetstream Aircraft, the turbo-prop subsidiary of British Aerospace, has won a \$38m order for nine of its Jetstream 41 commuter aircraft from the South African airline SA Airlink. The aircraft will be manufactured at Jetstream's sole plant at Prestwick in Ayrshire. The order means that Jetstream has now won 109 commitments to buy the 30-seat Jetstream 41, and is the first which the aircraft has won in Africa. SA Airlink, based in Johannesburg, will introduce the Jetstream on internal services in South Africa which it operates with its partners South African Airways and South African Express. Last month Jetstream Aircraft signed a contract to sell up to 60 of its Jetstream 41 commuter aircraft to Trans States Airlines of the US in a contract worth up to \$420m. James Buxton, Edinburgh

Lufthansa CityLine, the German airline's commuter arm, has ordered eight Canadair Regional Jets (CRJs) from Montreal-based Bombardier. The order, valued at \$146m, is in addition to the 15 twin-engine CRJs already operated by Lufthansa. About 48 CRJs are in service worldwide, with firm orders for a further 41. Bernard Simon, Toronto

Hyundai Engineering and Construction, a member of South Korea's Hyundai group, has won a \$58m contract to lay high-voltage power cables in Kuwait. The construction, due for completion by October 1996, is to connect a thermo-electric power plant at Kuwait's northern town of Sabiya with substations in the western towns of Jahara and Sulabiya, a company spokesman said. Reuter, Seoul

## Australia coal plan 'high-risk'

By Nikk Tait in Sydney

The creation of a national coal marketing board to offset the negotiating tactics of Japanese buyers was yesterday described as an inappropriate and "high-risk" strategy by a report into Australia's coal industry.

Mr Rae Taylor, a former civil servant, was called in to review the coal sector after the last annual round of coal price negotiations between Australian producers and Japanese buyers. In the 1993-94 round, Australia accepted price cuts for the fourth successive year, provoking two national strikes by miners and costing the industry hundreds of millions of dollars in lost production.

Coal is Australia's largest single export, and the country is the world's biggest coal exporter. More than 40 per cent of Australian exports go to Japan and the annual Australia-Japan negotiations serve as an international price-setting mechanism.

In submissions to the Taylor inquiry, coal unions argued that since the Japanese buyers were in effect working as a cartel, Australian producers should also negotiate collectively. However, Mr Taylor said such a move could jeopardise the significant coal trade between Australia and Japan and added there was no conclusive evidence that Japanese buyers' practices had

been detrimental. "Under existing arrangements, the Australian industry has achieved significant growth and a high market share," he said.

In wide range of conclusions, he suggested that there was scope for improving "price transparency" and export control administration, and for achieving efficiencies in transportation both on the rail and shipping fronts. Another area highlighted for reform was industrial relations, where he urged devolved enterprise-based wage-bargaining. He also recommended efforts to develop export market diversification over the medium to long term - with markets such as India, China, Thailand, the Philippines and Pakistan being identifiable targets.

The findings will be discussed at the Australian Coal Industry Council, a tripartite body involving unions, companies and federal government, on Sunday. However, the initial response from employers and unions yesterday was cautious.

The Australian Coal Association said the study was "forward-looking" and the industry needed to concentrate on making the sector more competitive. The miners' union said Mr Taylor had not gone far enough, noting that on pricing "the report doesn't say that the union's goals are wrong - only that the union's approach is high-risk".

## The price of 'fast-track'

Nancy Dunne on the negotiating trap for Clinton

President Bill Clinton received two letters last week illustrating the gulf between lofty free trade goals and political reality.

One was sent by the new House Republican leadership. It supported renewing the president's "fast-track" negotiating authority - under which Congress undertakes either to pass or reject trade pact negotiations without amendment. The president needs that authority to pursue new trade pacts, such as that - announced at the Summit of the Americas at the weekend - to include Chile in the North American Free Trade Agreement with Canada and Mexico.

However, Republican support for fast-track has a price: any thought of negotiating side pacts on labour and the environment, similar to the pacts in NAFTA with Canada and Mexico must be abandoned, the letter said.

The second letter to Mr Clinton came from Congressman Richard Gephardt, the Democratic leader in the House. "We need to ensure that our policies are not simply viewed by the public as promoting the interests of multinational corporations at the expense of our workers," he wrote. "A broad coalition" for passage of fast-track can be found within the Democratic party he said, but "we must not allow Republicans to treat workers rights and environmental issues as back-seat issues."

Mr Clinton faced a similar



Clinton: having to face political realities

bind in his 1992 election campaign when he was forced to take a stand on NAFTA. His solution was to promise to negotiate "side pacts" on labour and environment to discourage US companies from moving production to Mexico to take advantage of cheap labour or non-enforcement of environmental rules.

After the 1992 election, negotiations over the labour pact ran into difficulty and Mr Mickey Kantor, the US trade representative, eventually settled for a deal which stressed co-operation and consultation and permits sanctions only in rare cases after the completion of a complicated complaints process.

"Lewis Carroll, working with Franz Kafka, could hardly have devised a process more

surreal," said the Institute for Policy Studies.

Complaints go first to National Administrative Offices (NAOs) in each of the three countries. They can then be referred on through a variety of bilateral councils, committees and arbitration panels that could take more than three years.

At the end, the offending party may be fined up to \$30m either in cash or trade concessions withdrawn. Funds collected would be repaid to the offending country to enable it to take corrective action.

Thus far, no case has passed the first step. The NAO in Washington has received four complaints, held hearings on two, and refused to take further action on those.

To American trade unionists, such as Mr Chris Townsend, of the United Electrical, Radio and Machine Workers of America, the process is "a sham". But to Republicans, it is a threat to the future of free trade deals.

President Clinton will request fast-track authority as soon as Congress convenes in January. He could probably win it with the support of the Republican majority by dealing labour and the environment from any trade negotiations.

But if he does so he will create a rift with congressional liberals who are, at best, unenthusiastic about his re-election in 1996.

What a day. Lousy market. A terrible meeting. Traffic jam. And then, at last, something to smile about.



Lufthansa

Welcome aboard.

## NEWS: UK

CBI survey provides fresh evidence of economic 'feel bad factor'

## Weak sales hit retail confidence

By Gillian Tett, Economics Staff

Britain's retailers seem set for a tough Christmas. With only 11 trading days left, a business survey yesterday reported their confidence falling and suggested that profit margins will be under severe pressure.

The survey, from the Confederation of British Industry, provides fresh evidence of the 'feel bad factor' that is souring Britain's economic recovery.

Weak sales forced the retail trade to keep annual price increases in November at their lowest level for at least 11 years, the CBI said.

Mr James May, director general of the British Retail Con-

sortium, said retailers were likely to see a "tough Christmas".

Official retail sales data, due to be released tomorrow, are likely to show that High Street inflation was lower than 1 per cent in November, he said.

The CBI survey is likely to fuel stock market concerns that intense price competition and muted consumer spending will further erode retailers' profits and margins in the run up to Christmas.

However it boosted City hopes that November's official inflation data, published today, will show continuing low price pressures. This might ease some of the impetus for another rise in interest rates.

Yesterday's data indicate why some shops have introduced pre-Christmas sales.

"In terms of margins and profits it is very tough - people are going to have to adjust their ideas of profits," Mr May said.

The CBI said its survey showed retailers reporting the lowest annual growth in selling prices in November since it started in 1983.

Selling prices were reduced by 24 per cent of shops compared with last November. Some 25 per cent of shops expected prices to be lower in December than last Christmas,

with 37 per cent expecting them to be higher, resulting in a positive balance of 12.

Discounting in November succeeded in slightly boosting overall retail sales volumes, the survey suggested.

The level of sales reported by retailers in November was slightly better than in October, with 40 per cent of retailers reporting sales higher than in the previous November.

However, this was well below retailers' expectations in the previous quarterly survey, and the level of business optimism fell to its lowest level for two years, with 74 per cent of retailers expecting no improvements in business in the next three months.

## Nissan heads table of UK vehicle exporters

By Kevin Dowe, Motor Industry Correspondent

Nissan, the Japanese carmaker, emerged as the biggest UK vehicle exporter last year ahead of the traditional industry leaders Rover group, Ford and Vauxhall.

According to figures released by the Society of Motor Manufacturers and Traders, Nissan increased car exports last year by 15.9 per cent to 183,207 from 157,209 a year earlier.

Rover group increased the volume of its vehicle exports marginally last year by 1.5 per cent to 173,282 (including cars and commercial vehicles) thanks to a big jump in demand for its Land Rover products in foreign markets.

Both Ford and Vauxhall suffered steep falls in their UK car export programmes, however, in the face of the precipitous decline in new car demand in continental Europe in 1993.

The two US carmakers had both started ambitious car exports from their UK assembly plants at the beginning of the 1990s, but their foreign sales collapsed in 1993.

Ford's car exports from the UK rose sharply in 1990 and 1991 to reach a peak of 120,178, but in 1993 the export volume fell by 84.6 per cent to only 11,218 from 78,825 in 1992.

The export of Ford brand cars from the UK was exceeded last year by all three Japanese carmakers now producing cars

## UK VEHICLE EXPORTS - 1993

	Volume 1993	Volume 1992	% Change 1993/92	Volume 1991
<b>CARS</b>				
Total	532,878	589,290	-9.5	605,385
Nissan	183,207	157,209	+15.9	112,011
Rover group	183,282	173,282	+5.8	187,873
Ford	183,282	135,332	+35.4	164,264
Land Rover	28,408	23,775	+19.5	23,609
General Motors	72,080	130,259	-44.7	105,180
Vauxhall	39,532	104,507	-61.8	103,514
BMW	32,158	25,852	+24.4	1,666
Ford group	34,288	87,888	-60.5	158,257
Jaguar	22,899	15,103	+51.6	10,443
Ford	11,218	72,825	-84.6	120,178
Aston Martin	51	40	+27.5	126
Honda	27,121	908	+2,888.1	-
Toyota	27,735	-	-	-
Peugeot	25,575	52,059	-50.1	58,577
<b>COMMERCIAL VEHICLES</b>				
Total	91,147	130,216	-30.1	110,717
Ford	88,703	88,485	+0.2	65,134
Rover group	11,380	11,654	-2.3	13,310
Land Rover	3	113	-97.3	59
General Motors	11,357	11,441	-0.7	13,251
Vauxhall	49,249	19,808	+147.1	13,151
BMW	5,870	7,553	-22.2	609
Land Rover	4,788	11,852	-59.1	12,505
Peugeot	907	4,016	-77.4	4,019
LDV	354	7,065	-95.0	10,312

BMW Vehicles: General Motors/Nissan, 50/50 joint venture. Opel/Vauxhall Frontiers; Opel/Vauxhall Astra Mk4.

\*Formerly Leyland Daf.

Source: Society of Motor Manufacturers and Traders.

in the UK, Nissan, Toyota and Honda.

Ford remained ahead of Toyota and Honda as an overall vehicle exporter last year, however, thanks to its sales abroad of UK-built light commercial vehicles.

It is likely however, that Nissan will lose its position at the head of the UK vehicle export league this year, in the face of a resurgent Rover group, which has raised its production and exports significantly this year.

## Fair trade office to rap warranties

By William Lewis and Neil Buckley

The sale of extended warranties on electrical products is to be sharply criticised by Britain's Office of Fair Trading in a report later this week.

The report is thought likely to attack the high-pressure sales tactics and often misleading claims made by retailers when selling warranties, as well as the lack of pricing information available for customers.

It will also call for the intro-

duction of a new code of practice on extended warranties as well as other measures to increase competition in the extended warranties market.

For big UK electrical retailers such as Dixons and Comet, which make significant profits from the sale of warranties - particularly in the run-up to Christmas - the timing of the report could hardly be worse.

However, some consumer groups are likely to hit out at the OFT's failure to take tougher action. Some had

hoped retailers would have to provide details, at the point of sale, of the reliability of their goods and of alternative warranty policies.

The OFT has also decided against an immediate referral of electrical goods retailers to the Monopolies and Mergers Commission or a ban on retailers selling warranties at the point of sale.

However, both these measures could be proposed in future by the OFT, should retailers fail to co-operate with its other suggested measures.

Extended warranties are insurance policies which provide extra protection against product breakdown after the standard manufacturers' guarantee has expired. They generally run for five years.

Typical extended warranties cost about £55 (£90.20) for five years cover for a portable colour television to £750 (£1,330.00) for a top of the range personal computer.

City analysts have criticised electrical goods retailers for the amount of profits warranties generate.

## Cyprus deal may be step towards ending Nadir affair

Mr Asil Nadir, one of the world's most wanted fugitives and North Cyprus's favourite son, may be close to resolving his difficulties with the island's government and striking a deal with his British creditors, opening the way for a comeback in 1995, five years after his Polly Peck International (PPI) group collapsed.

Mr Nadir often says the charges against him will be dropped soon and he threatens a battle for compensation.

Mr Nadir was charged with theft and false accounting after Polly Peck failed in 1990.

John Barham on the shifting sands around the former boss of Polly Peck International

Claiming he would not get a fair trial in Britain, he jumped £3.5m bail last year and fled to North Cyprus.

Recently, though, Mr Nadir and his long-time patron, President Rauf Denktaş, have clashed in public, raising speculation that his political protection is ebbing away.

Mr Denktaş has demanded that Mr Nadir either pay \$11m (£6.7m) in back taxes or face arrest.

At the same time, administrators of PPI, unable since

1990 to make any headway in recovering company assets in Cyprus, are finding that they have the government's ear.

In a report to creditors published recently the administrators struck an optimistic note on developments in northern Cyprus while warning that political shifts had repeatedly upset progress on getting hold of PPI assets in the breakaway republic.

However, a political shift in northern Cyprus does at last appear to be ending the years

of government stonewalling. A new coalition government took office in January, led by Mr Denktaş's conservative DP party with the left-wing CTP party as the junior partner.

The CTP wants to end the Nadir affair, hoping this will clean up north Cyprus's image of a rogue republic recognised by no-one but Turkey. A CTP official said "we want to show that the Turkish community is a legal, democratic community."

The party's finance and tourism ministers have recently recognised the British administrator's right to manage two state-owned hotels run until recently by Mr Nadir. They could also be close to reaching settlement over Sunzest, a citrus company run by Mr Nadir but claimed by the administrators.

Although these businesses are profitable, Mr Nadir owes \$11m in unpaid taxes, social security contributions and rent on the hotels. Now he has offered to surrender Sunzest, valued at \$19m last year, to the

government if it waives its tax demand.

A source close to PPI's administrators said "we are interested in a political settlement between Nadir and the government and us." This would obviate the need for a ruling in the courts, which have consistently supported Mr Nadir. The administrators have always recognised that PPI has legitimate debts in northern Cyprus.

The government would use cashflow from the companies to pay off Mr Nadir's debts then allow administrators to sell them. He said they "should accept this deal and get out. You never know what will happen tomorrow."

Skill, the administrators may turn down the proposals. Many Cypriots still doubt politicians, who owe Mr Nadir many a favour, will assent to any deal he does not like.

It would be awkward for a government to be seen to be backing British creditors against Mr Nadir, still a popular man in north Cyprus, with campaigning for presidential elections due to start in the spring.

Paradoxically, specific concerns about environmental issues have decreased since the last survey as manufacturers have replaced products such as aerosols using CFC gases with "greener" alternatives.

However, instead of being concentrated on a relatively young, wealthy and well-educated slice of the population environmentally-conscious shopping now applies much more evenly across the country, to consumers of every income and age group, the research shows.

The Green Consumer, Vols 1 & 2, Mintel, 071 600 5705. £1,395.

## 'DREAMING'

"Ten years from now, this will be a city."

"You're dreaming."

"Exactly."

We have made our dreams realities. We have looked at sand and seen cities. We have looked at deserts and seen gardens.

We have created, out of the grain of an idea, a world-class petrochemical company. A company that uses Saudi Arabia's own hydrocarbon-based natural resources. A company that produces and markets more than 16 million metric tons of different quality petrochemicals and plastic resins around the world.

We are one of the world's leading producers of MTBE, one of the few petrochemical companies to manufacture all five of the most widely used thermoplastic resins and thanks to work at our Research and Development Complex, an exporter of technology.

We have dreamed. We have achieved. And we continue to plan for the future.

**SABIC**  
For the long-term

SABIC Europe Ltd.  
Kensington Centre  
66 Hammersmith Road  
London W14 8YT  
England  
Telephone (44-71) 371-4488  
Telex 23411 SABMRK G  
Fax (44-71) 371-3039

Saudi Basic Industries Corporation

Deutsche mark Yen Mark  
Peseta drachma  
Dollars lira Yen Mark  
Franc Yuan Mark  
cruzeiro Krona  
Ruppee lira  
Naira Dollar

One company speaks the language of business around the world.

From Hong Kong to Hamburg, Montreal to Melbourne, the language of business is much the same around the globe. Business success is measured by strong assets, steady growth and the ability to seize strategic opportunities. AT&T Capital is one of the largest equipment leasing and finance companies in the world. As such, we possess the diverse resources and business acumen to help your company succeed.

Whether you are a multinational corporation, an entrepreneurial venture or a mid-sized organisation, AT&T Capital can provide flexible

leasing, asset management and customised financing solutions to meet your objectives. We serve approximately 500,000 customers - businesses of all sizes - in the United States, Canada, Mexico, the United Kingdom, Europe, South America and the Asia/Pacific region.

AT&T Capital Corporation  
We give your business the credit it deserves™

For more information, call us at  
0101-201-397-3208 (outside North America).

**AT&T**  
Capital Corporation

World Headquarters  
41 Whippany Road  
Morristown, New Jersey 07962  
1 800-235-4288 (within North America)

European Headquarters  
66 Buckingham Gate  
London SW1E 6AU England  
071-411-4800

اصدار من الاصل

# Major plays down talk of Euro-referendum

By Kevin Brown and Ivor Owen

Mr John Major yesterday sought to calm speculation about a referendum on further European integration as Sir Edward Heath, the former prime minister, warned that a plebiscite would not restore voters' confidence in the government.

Amid growing certainty that the government is moving towards a referendum, Mr Kenneth Clarke, chancellor, sought to put the government's Budget troubles behind it by pledging a continued tough line on inflation and public borrowing.

But as the government attempted to

restore its battered authority after setbacks on Europe and value added tax, senior ministers were bracing themselves for a crushing loss to Labour in the Dudley West by-election tomorrow.

Mr Major, who has hinted repeatedly in recent days that the government will promise a referendum, was asked in the Commons at question time what the criteria would be for such a vote.

Clearly seeking to dampen backbench hysteria on the issue, he told MPs: "I am not prepared to close the door to the possibility of a referendum, but equally there are very

important constitutional matters to be considered, and it would be very unwise to make snap judgments."

Mr Major said it was "extremely difficult" in advance of the 1996 inter-governmental conference of European Union heads of government "to know precisely what the question might be in a referendum."

Sir Edward, a fervent pro-European, warned the prime minister that promising a referendum would not solve the government's problems with Eurosceptic Tory MPs, and could spark a run on sterling.

He said that voters were demanding a referendum because they had lost

confidence in the government and parliament. "The way to deal with it is for the government to regain its authority, and for parliament to show it does know how to behave," he told BBC Radio.

Mr Clarke, opening a debate on last week's mini-Budget, said that confidence in the government's stewardship of the economy had been maintained by his prompt action in raising interest rates and proposing higher taxes on fuel, cigarettes and alcohol after the government's plans to increase VAT on heating fuel were defeated.

He acknowledged fears that the

raised duty on alcohol would reduce sales and employment, but promised tough negotiations with other EU countries to achieve an "approximation" of duties throughout the Union.

The scale of the task was underlined by Mr John Townsend, MP for Bridlington and chairman of the Conservative backbench finance committee, who warned that the other countries could not be expected to increase the duties they levied.

"At some stage you will have to reduce our duty," he said. Mr Clarke answered: "That may be so. But I do not wish to anticipate our negotiating position."

## Drug industry investment drive targets Japan

By Alan Pike, Social Affairs Correspondent

The British government will today announce a campaign designed to develop substantially Japanese investment in the UK pharmaceuticals and biotechnology sectors.

It is the first attempt by ministers and leaders of the pharmaceuticals industry to take advantage of Britain's successful bid to house the European Agency for the Evaluation of Medicinal Products. The agency will manage the European Union's new system of medicines licensing that comes into force next month, and its location in London could prove a magnet for new pharmaceuticals investment.

Mrs Virginia Bottomley, UK health secretary, and a team of senior representatives from the pharmaceuticals industry will visit Japan in March to try to sell the message of Prescribe UK, a joint inward investment campaign launched by the government and industry today.

Mrs Bottomley and the team

will travel to the US in the spring, but Japan is the main target for their efforts. She said: "We have to demonstrate that the factors which have led to successful Japanese manufacturing investment in the UK apply even more strongly to pharmaceuticals."

The UK market for medicines totalled £4.8bn last year, while 10 of the world's top 35 prescribed medicines were discovered and developed in the UK. Britain accounts for about 12 per cent of the international export market in medicines, and a third of all European biotechnology companies are located in the UK.

The Prescribe UK team believes Britain has extra advantages to offer pharmaceutical investors that are sometimes overlooked. These include the National Health Service - the world's biggest healthcare organisation - which by its size offers unique opportunities for research and teaching in the use of new drug techniques.

"The government worked with the industry to win the medicines evaluation agency for Britain," said Mrs Bottomley. "Many of the arguments that helped our success in that campaign, like our excellent communications and the use of English as the international language of the pharmaceuticals industry, also make a strong case for greater inward investment in pharmaceuticals and biotechnology."

## No appeal over Pergau ruling

By James Birt

Mr Douglas Hurd, the UK foreign secretary, yesterday admitted he had illegally endorsed an aid donation of £216m to help build Malaysia's Pergau dam, but refused to apologise in the Commons.

In a statement to MPs, Mr Hurd said he would not appeal against a recent High Court judgement that the Pergau project was "economically unsound" and that his endorsement of the donation in 1991 had broken British legislation on overseas aid.

Facing repeated demands from opposition benches for his resignation, Mr Hurd said that future payments for Pergau would come out of the UK Treasury's reserves and not the Overseas Development Administration's budget.

He also said that the £48m which the UK government must pay to Malaysia for the project in 1994-5 and 1995-6 will not be matched by cuts in ODA funding. This will give the department a surplus to allocate to other projects.

However, the foreign secretary angered Labour MPs by stating that the £24m which the ODA had spent on Pergau in previous financial years would not be restored to the department.

He also left open the possibility that the ODA budget would suffer a serious cutback after 1996-7, when the Treasury will have another £120m to pay to the Malaysian authorities. Mr Hurd said that the size of the ODA budget in those years

The Overseas Development Administration could improve its management of UK programme aid to developing countries to ensure greater value for money, says the National Audit Office, the parliamentary watchdog.

The NAO examined programme aid devoted to Ghana, Nigeria, Tanzania and Zambia, which between them accounted for more than half the aid given to Africa over the six years from 1987 to 1993.

It concluded that new safeguards to ensure better value for money in procurement spending had achieved only "mixed" success and needed to be tightened.

The NAO also urged swifter payment of aid to countries meeting their reform programmes.

Since 1987 the administration has spent £314m on programme aid, which is intended to smooth the introduction of economic restructuring programmes agreed with the International Monetary Fund and the World Bank.

There would have to be set in forthcoming public expenditure rounds.

Amid angry exchanges in the Commons, Mr Hurd refused repeated invitations from opposition MPs to give a public apology over the issue. Instead, he insisted that Lady Thatcher, the former prime minister, had made a commitment that could not be broken.

"I do not feel penitent at tak-



Douglas Hurd: rejected MPs' calls for public apology

ing a fairly robust view of where the interests of this country lie," he said. In his statement, he said that activities financed by the ODA were "not in general vulnerable to the kind of legal challenge brought in the case of Pergau."

However, he revealed that three other ATP contracts signed in the last eight years could be deemed illegal following the court judgement.

These were a British contract for the Ankara metro worth £22m, a £2.3m television studio project in Indonesia and a £2.5m contract for flight information facilities in Botswana. On future payments for Pergau, Mr Hurd told MPs that the ODA would not suffer a cut in the years after 1996-7 because its budget was tailored to agreements on ATP that had already been made.

### UK NEWS DIGEST

## Rail sell-off to be stepped up

The British government is to step up the pace of its railway privatisation programme amid claims that the network's financial base is starting to crumble.

Mr Roger Salmon, franchising director responsible for selling the passenger train companies to the private sector, will today unveil plans to dispose of eight of the 25 British Rail companies in the first round of franchise sales. Earlier BR had planned to sell just six at this stage.

The attempt to revive the momentum of BR privatisation comes after the leaking of a confidential report prepared for the House of Commons transport select committee which revealed increasing pressure on the railway network to cut costs and services.

The report - which highlighted a £400m gap in the railway's finances - prompted the committee to announce plans yesterday for an immediate inquiry into the state of railway funding arrangements. Written evidence will be sought before oral hearings begin in February.

### Lloyd's reserves 'short'

Lloyd's of London would need to find an extra £10.2bn (£16.7bn) if its reserves were to be increased to a level that matched possible liabilities, according to forecasts published yesterday.

Estimates by Chatset, the independent company that monitors Lloyd's, suggest a further deterioration in the outlook for so-called "open years" - annual accounts for Lloyd's insurance syndicates which have not been closed because of difficulties in calculating possible claims, in particular from US asbestos, health and pollution cases.

Chatset urged the agencies which run Lloyd's syndicates not to make further cash calls on Names - the individuals whose assets have traditionally supported Lloyd's. It said demands for more funds should await the setting up of Equitas, the company Lloyd's is forming to take over, initially, responsibility for 1985 and prior liabilities.

Chatset said the Lloyd's authorities "need to move quickly to maintain the goodwill of the Names, because in practical terms that is the only way they are likely to be paid by the growing army of dissidents, otherwise Lloyd's will find itself being swept into the chasm of insolvency."

### Interest in Swan Hunter yard

Representatives of a Japanese conglomerate and a Malaysian shipping line have this week visited Swan Hunter as a result of a worldwide marketing campaign, launched a fortnight ago, for the Tyne-side shipyard.

Receivers Price Waterhouse hope to sell the yard, and the Swan Hunter name, for around £5m. Intellectual property rights are also available for an additional sum of around £500,000.

The shipyard, one of the world's most famous, last month saw the departure of the last of 2,700 vessels built by the company during 154 years of shipbuilding.

### Churchill manuscript sold

A draft of one of Winston Churchill's famous wartime speeches on "the end of the beginning" sold for £36,700 (£57,310) yesterday, a world record for a speech by the British leader. London's Imperial War Museum bought the document at Sotheby's after the price soared over its estimate of £10,000.

Churchill delivered the speech on November 10, 1942, paying tribute to the El Alamein victory of six days earlier.

# MOST BUSINESS TRAVELLERS SPEND A FORTUNE ON HOTEL PHONECALLS. NOW THERE'S A BETTER ANSWER.

FT EXPORTER



Global Calling "891" Number

PIN

No one ever reached the top by being extravagant. We doubt very much that you're the exception to the rule.

With a Sprint WorldTraveler FÖNCARD® you don't have to worry about talking up a huge bill in hotel phonecalls.

We've teamed up with the F.T. Exporter, Europe's Premier Export Review to offer you 8.5% off your monthly call charges for a year.\*

The card is free and there are no annual fees. You just pay for the calls you make.

You can use it in over 50 countries at any time, night or day, so you can talk to whoever you want to, whenever you need to.

Simply pick up the phone, dial a Sprint access number and our English speaking operator will put you straight through to the number you want.

As for our prices, take a look at the table below; you'll find them highly competitive to say the least.

Your charges will be billed to one of 5 major credit cards, Visa®, MasterCard®, American Express®, EuroCard® or Diners Club®.

We'll send you a detailed monthly summary of all your calls and their cost, making it easier to keep track of your expenditure.

So why not fill in the application form for your WorldTraveler FÖNCARD?

It could be one of the best moves you ever make.

\*Sign up for your WorldTraveler FÖNCARD before 31st December 1994 to receive your discount. Discount applies for 12 consecutive invoices from date of first use.

CALL TYPE	TYPICAL HOTEL CHARGE	SPRINT FÖNCARD	SAVING	CALL TYPE	SPRINT FÖNCARD	BY CHARGECARD	AT&T CALLING CARD	MERCURY CALLING CARD
France to Germany	\$17.20	\$10.87	38%	USA to UK	\$8.33	\$14.48	\$7.61	\$11.83
Spain to USA	\$23.67	\$9.00	62%	Germany to France	\$10.87	\$14.60	\$17.72	N/A
Sweden to UK	\$33.76	\$8.87	71%	France to Sweden	\$10.87	\$14.60	\$19.01	N/A

CHARGES FOR A TYPICAL 10 MINUTE CALL

(B.T. Mercury and AT&T rates as at September 1994. VAT and surcharges included where appropriate, exchange rates of \$1:\$1.5 used where necessary.)

### WORLD TRAVELER FÖNCARD APPLICATION FORM

PLEASE COMPLETE CLEARLY IN BLOCK CAPITALS AND YOUR APPLICATION WILL BE PROCESSED WITHOUT DELAY.

Post to: WorldTraveler FÖNCARD Offer, P.O. Box 109, Penn, High Wycombe HP10 8NP, United Kingdom. Tel: +44 (0)494 814480 or Fax to: +44 (0)494 814457.

First Name \_\_\_\_\_ Middle Name \_\_\_\_\_

Last Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ County \_\_\_\_\_

Postcode \_\_\_\_\_ Country \_\_\_\_\_

Daytime telephone where you can be reached, please indicate Country:

Tel: \_\_\_\_\_ Ext: \_\_\_\_\_

Country: \_\_\_\_\_

Please send information on your corporate FÖNCARD(S) ☐ FTO

Please charge Sprint calls to my Current Account:

☐ MasterCard® ☐ Visa® ☐ Amex® ☐ Diners® ☐ EuroCard®

Credit Card Number \_\_\_\_\_

Expiry Date: ☐ Month ☐ Year Please send me \_\_\_\_\_ FÖNCARD(S) (4 max.)

Signature \_\_\_\_\_

Date \_\_\_\_\_

Sprint will from time to time send you information on other products and services. If you do not wish to receive these please tick ☐



FT EXPORTER



## Alison Smith on the sensitive process of finding financial regulators

### Testing time for new recruits

Strong views about the national lottery or knowledge of champagne-making techniques are not the most obvious attributes of a financial regulator.

Yet voicing firm opinions and displaying expertise helped two candidates to make progress through the selection procedure to join the Personal Investment Authority, the regulator which protects the private investor.

The last session for testing a small group of applicants was held late last month, with final interviews yet to take place.

The PIA became operational in July, and has spent the autumn seeking to recruit more than 30 monitoring and enforcement staff. Many of its employees come from its two predecessor regulators - Lauro and Fimbra - which covered life insurance companies and independent financial advisers respectively. But the "step change" in investor protection which it is intended to bring about has led it to expand operations.

While there are many people with relevant experience working in compliance departments of financial services companies, the PIA was seeking so many candidates that it wanted to widen the potential pool. This required a recruitment process in which lack of expert knowledge of the financial services sector was not a barrier to performing well.

The result was the assessment centre designed and run for the regulator by the management consultancy arm of Coopers & Lybrand.

The assessment took half a day and comprised four main elements, starting with a personality questionnaire. From four statements in each of 40 questions, candidates were asked which most or least applied to them. In one, for example, that choice would show whether they were the sort of person who "shows concern for others; prefers the tried and tested approach; controls his moods; weighs up the alternatives quickly". The aim was to identify "danger areas" such as little social confidence or lack of a methodical approach.

The next test was to deliver a six-minute presentation on a subject not related to work and answer questions on it for four minutes. Candidates' choice of subjects ranged from mundane to wildly ambitious: from the London Borough of Croydon to arguments about surrogate motherhood.

Weaknesses such as expecting to keep attention with a dull topic or addressing too wide a theme appeared to count for surprisingly little compared with efforts to plough bravely on.

The third test was a group discussion, in which candidates were given a short brief and 30 minutes to prepare a five-minute presentation on the PIA's future.

The three assessors from the PIA and C&L seemed to find ignorance of financial regulation less material than participation in the group - although they did comment on how some candidates had failed to use background information provided.

The final element was a verbal and critical reasoning test, which involved candidates reading short passages, and saying whether statements related to each were true, false or could not be judged because there was not enough information.

Ann Shepherd, management consultant at C&L executive recruiting, says the key to making assessment centres work is getting the right mix of tests. The PIA is concentrating really on communication, general impact and influence, and overall analysis and problem-solving, she says. "Other organisations might put less emphasis on communication and more on analytical skills, and the combination of tests would change to reflect that."



From marble to red-brick institution: Elizabeth Esteve-Coll is forsaking the V&A for UEA and a new kind of flag-waving role

## Academe plc

### John Authers on a new trend in university appointments

Executives from the world of commerce might have a place at university high tables. Today's appointment of Elizabeth Esteve-Coll, director of the Victoria and Albert Museum, as the next vice-chancellor of the University of East Anglia is only the latest of several moves by universities to recruit entrepreneurial talent from outside academe.

The trend is most accentuated in the "new" universities which converted from polytechnics in 1992, but older institutions are also spreading their net wider. For example, University College London now has Derek Roberts, a former research director for GEC, the electronics company, as its provost.

Under his direction the college has amassed government research ratings bettered only by Oxford and Cambridge, and also built a much envied enterprise scheme to provide services for businesses. It is prospering in the competition for both public and private-sector funds.

This competition, intensifying as universities proliferate and funds become scarcer, has spurred academic selection committees to look for people with experience of industrial management, and also with pre-arranged staff.

According to Raymond Frostick, who chaired East Anglia's selection

committee for the appointment, the assessors were looking for unorthodox qualities in an academic. "The ability to promote and market the university to the outside world is extremely important, while at the same time having a clear conception as to what happens when managing a complex organisation."

Half of East Anglia's final shortlist of eight for the post held jobs outside the university environment, and the university even employed headhunters Saxton Bamfylde for the first time. The company had already found vice-chancellors for four other universities - Leeds, South Bank, Southampton and York.

Stephen Bamfylde, director, says: "The real process skill we look for is that of managing knowledge-based professionals." This threw the field open to managers of large accountancy firms or book publishers, for example.

He defines what he was looking for as a management style which involves "the ability to articulate a vision and then a gentle ability to herd people along with a hand rather than a heavy boot."

It was also important to find someone who could command the intellectual respect of the academic staff, even if it was no longer necessary to recruit a renowned scholar.

This approach involves a sharp change in standard management styles for higher education. According to Ted Nield of the Committee of Vice-Chancellors and Principals, which represents all UK universities: "Traditionally, being a vice-chancellor is a bit like being a sheepdog. You have to get everyone moving in the same direction but you do it by chivvying from behind, as opposed to holding a banner at the front."

Now, rather than the stately and collegial process of persuading colleagues to agree on a course of action, vice-chancellors are taking on the role of American college presidents, and acting as figureheads. At De Montfort University, a fast-growing former polytechnic in Leicester, of which Esteve-Coll is a governor, different departments have transparent budgets and work to targets in a start, but so far successful, move away from the traditional collegial style.

Academic sensitivities remain too strong for this to be taken too far, however. According to Frostick: "I certainly think we have found a flag-waver. But there is a university community, and the job is still not like being a managing director of a commercial organisation. There is still an awful lot of persuasion involved."

## The shareholder as customer

### Daniel Green on St Jude's diversification strategy

When Ronald Matricaria arrived as president and chief executive of Minnesota heart valve maker St Jude Medical he found a company in rude financial health.

The business had sales of more than \$200m (£122m) a year and net profit margins, after tax, of 43 per cent. Its one product, a heart valve, enjoyed an 85 per cent US market share and was either first or second in almost every other large market for medical devices. There was a cash pile of \$350m.

Yet nobody seemed to want the company's shares. The historic price earnings ratio had sunk to just 11, at the bottom of the pile in the US healthcare sector.

"We had spent four years in paralysis. We couldn't diversify without hurting profitability," says Matricaria.

"There were several external [non-executive] directors, all senior executives from large healthcare companies. They all had strong views and there was never agreement on strategy. There was no plan," he says.

At the first board meeting after Matricaria joined - from Eli Lilly, the US drug company, where he had been head of the medical devices division - a director asked him: "What are we going to buy?"

Matricaria's response was to say that first he had to find out what investors wanted him to do.

A shareholder survey showed that greater risk-taking and a spread of that risk were the main priorities. No one mentioned profitability as an area of concern.

The replies may have been obvious, but Matricaria had another reason for consulting shareholders.

"Two-thirds of US companies that diversify get hit by shareholder suits," says Matricaria. "And over the months that followed consultation there was a big turnover in our shareholder lists. Some bought and others sold."

The next stage was to bring in external advisers - PA Consultants - to identify which of St Jude's "core competencies"

could be applied to other businesses and hence form the basis for an acquisitions strategy.

PA started off by identifying 191 processes that St Jude used in heart valve manufacture. Forty eight were labelled as "critical", of which 15 were considered "world class".

This group was narrowed down to just eight which would be useful in other business areas. The consultants and the company then compared these eight with the 16 therapeutic areas in which medical device companies work. They wanted to label potential takeover targets according to whether they could benefit from St Jude's technologies.

"Six or seven companies were then identified, and we then had to find out which was for sale," says Matricaria.

Given that Matricaria had just come from Eli Lilly, there were perhaps inevitable rumours that St Jude wanted to buy Lilly's heart pacemaker business. That speculation came to nothing.

The Siemens heart pacemaker business was also on St Jude's list and luckily for Matricaria the German electronics giant had just conducted a review of its businesses and concluded that it was no longer interested in that activity.

Talks between St Jude and Siemens began in early 1994 and a \$500m deal was announced in June.

The irony is that St Jude's profitability has fallen sharply: at the company's January first quarter results following the acquisition, net profit margin after tax will have fallen to 17 per cent, according to Kurt Kruger, medical devices analyst at Hambrecht and Quist. But the shareholders are happy.

The price earnings ratio is at 17, corresponding to a share price that has risen from \$28 to \$40.

Looking back, Matricaria gives a telling, if subconscious, twist to the maxim about putting the customer first. "We had to become more customer-oriented and find out what our shareholders really wanted from us," he says.

## PEOPLE

### Forbes put in control of gas

Southern Electric is reshaping the top management team which has led the company from privatisation, so as to deal with the next phase of development.

Two directors will have their jobs redesigned to give the company a stronger focus on the future.

Jim Forbes, the operations director with responsibility for the distribution business, will take over as managing director.

### Deputy md for Pearson

Pearson, the media and entertainment group and owner of the Financial Times, announced yesterday that David Veit is to become deputy managing director with group-wide responsibilities.

Veit, 56, has been with Pearson since 1981 and for the past 20 years has been the senior Pearson executive in the US. He joined Pearson, after graduating from Oxford and later obtained an MBA from Stanford University.

The move is designed to give some support for Frank Barlow, the Pearson managing director who turns 65 in March. It could also signal the likely succession, although Lord Blakenham, the Pearson chairman said yesterday: "I am glad to say that Frank Barlow has no immediate retirement plans. David's appointment marks a welcome strengthening of our senior management team in London."

Veit, who was involved in the development of Pearson's publishing and other activities in the US, will continue to live in New York while spending an increased amount of time at head office in London. Raymond Shaddy

David Bernstein is leaving Pentland Group, the consumer goods company, after seven years as one of the acquisitive company's leading strategists. Bernstein, 50, is quitting his post of executive director with responsibility for group development, to "pursue other interests", according to Pentland.

Stephen Rubin, Pentland's chairman, says Bernstein had been responsible for finding and investigating acquisition opportunities. "We are sorry that David Bernstein has decided to move on. During his

seven years with Pentland, he has made a significant contribution to the group's progress and we wish him well in his future career," Rubin said. Bernstein would receive a payment of which is not expected to be more than 18 months' salary.

Pentland is taking the opportunity of Bernstein's retirement to reshape the board, and has appointed two executive directors.

Andy Rubin, 30, the chairman's son and head of group marketing services, will take up his post from January 1. His appointment "reflects the increasing importance of marketing to the brand-led group," Rubin says.

Andy Rubin was not on a contract, nor would he receive share options because of the Rubin family interests in the company.

Pentland also announced the appointment of John Charlton, 48, as executive director with responsibility for the company's hard goods division. This includes china interests in the US. Peggy Hollinger

John de Leeuw has been appointed to the GUINNESS board. A Dutchman, he is the first personnel director to join the board, and brings to five the number of directors who are not British.

Clive Grinow, md of BOCI Europe, and Dennis Rediker, president and coo of ROCI Americas/Pacific, have been appointed to the board of ENGLISH CHINA CLAYS.

### Non-executive directors

Lawrence Urquhart (above), a non-executive director since 1981, as chairman at ENGLISH CHINA CLAYS when Lord Chilvers retires after the age next April. Urquhart is chairman of Burnham Castrol and deputy chairman of Scottish Widows.

Geoffrey Whalen, soon to retire as deputy chairman of Peugeot Talbot in the UK, at T&N.

Ralph Kanter, chairman and chief executive of Tracker Network, at SPHERE DRAKE HOLDINGS.

Ray Pettitt, former chairman of the Mincet Group, at JERSEY GENERAL GROUP HOLDINGS.

Claude de la Forest-Divonne has retired from EMPIRE STORES GROUP.

Peter Evans, a consultant to the East Anglia Tourist Board and former Fortis executive, at PROPERITY PARTNERSHIPS.

Jack Hayes at CRH when he retires as md, finance and development, at the end of the year.

Keith Hopkins, group chief executive of Groda International, at TATE & LYLE.

John Barrett, former deputy chairman of Digital Equipment Company, at RADIUS.

### Departures

Humphrey Odd, managing director of Diesel Marine International and John Kirkham, DMI's finance director, are to leave the company on December 31 in a cost-cutting move by parent Torstar & Carlsberg. The head office staff of the North Tyneside-based engineering group and of DMI, its biggest subsidiary, are to be merged. Group chief executive Eric Brightmore will become managing director of DMI and group finance director Steve Scott will become DMI's finance director.

The departures of Odd and Kirkham are intended to be the final fall-out from a difficult few years for T&C, which led to the departure in early 1994 of Paul Torstar, then chief executive. "Major changes of personnel are over," says Brightmore, who became chief executive in April.

This year the group closed its Newcastle headquarters and moved to a building adjacent to DMI. With DMI comprising two thirds of the group there is no longer a need, says Brightmore, for two head office staffs. "It's a cost-cutting streamlining," he added.

The changes mean the five executive directors on the T&C board will also be directors of DMI. Odd, currently a T&C director, declined to comment on his departure. Chris Tighe

Malcolm Stone has resigned as a non-executive director and the non-executive vice-chairman of Fortune Oil, the London-quoted energy company partly owned by Chinese state interests. Company officials say he wants to devote all his time to developing power generation projects in China.

The last of the old guard at Simon Engineering departed this week as Peter Cook resigned from the board to pursue other interests. The move came as no surprise to Simon-watchers, and completes a reorganisation of the board since Maurice Dixon arrived last year as chief executive.

Cook joined Simon in 1977 as finance director, and subsequently held a number of executive roles. In January, he was relieved of his responsibilities as managing director of the industrial services division. Since then, he had been concentrating on the group's disposal programme, and had been due to retire at the end of this year. Andrew Baxter

# Medical Specialists will get a boost out of Singapore. See what perks you up.

The World Congress on Tourist Medicine and Health won't be the only successful convention that showcased Singapore as Asia's leading meeting destination. Each month there are new exhibitions, new conferences and new meetings where you can exchange the latest on your industry or products. Not to mention a whole new world of entertainment in the city where the best of the East and West come together. Convention City Singapore. Where the pulse is beating.

CONVENTIONS 1995			
19-23 March 1995 IUVDT World STD/AIDS Congress 1995	10-13 May 1995 2nd International Congress on Transplantation in Developing Countries	6-9 April 1995 Asia Apparel Machinery and Accessories Exhibition/Textile Machinery Exhibition (*AIF)	I want to be at the heart of your forthcoming events. Please send me: <input type="checkbox"/> more information about the Conventions & Exhibitions indicated <input type="checkbox"/> The Singapore Convention & Exhibition Calendar Name: _____ Title: _____ Company: _____ Address: _____ Tel: _____ Fax: _____ APT 81/294/94E To: Singapore Convention Bureau, 1st Floor, Carrington House, 126-130 Regent Street, London W1R 3YE, United Kingdom. Fax (071) 734 2191.
24-26 March 1995 2nd Singapore International Orthodontic Congress	15-19 May 1995 5th Asia Pacific Conference on Advances in Coatings, Inks and Adhesives	6-9 April 1995 Boat Asia '95	
13-18 April 1995 10th Asian-Pacific Optometric Congress	22-25 May 1995 63rd Annual Conference of the International Fertilizer Industry Association (IFA)	7-9 April 1995 Asian Diver Exhibition & Conference	
24-26 April 1995 International Congress on Real Estate	23-26 March 1995 Golf Asia '95 (*AIF)	2-5 May 1995 Asian International Gift Fair '95 (*AIF)	
	5-8 April 1995 Security Asia '95	23-25 May 1995 Utech Asia '95	



CONVENTION CITY  
**Singapore**  
Where the world comes together.

FT

FINANCIAL TIMES  
Collection

# GIFTS THAT MEAN BUSINESS

Choose FT diaries for personal or business gift use and when your order exceeds 24 items, generous discounts are available.

## AN INDISPENSABLE BUSINESS DIARY

The FT range of desk and pocket diaries contain meticulously researched information, and are presented in a choice of three superb finishes, reflecting the standards of integrity, accuracy and consistent high quality for which the FT is respected the world over. In use they discreetly acknowledge that the owner appreciates these values and when offered as business gifts, they speak volumes about you and your company.

### FT DESK DIARY

The FT Desk Diary is an invaluable source of reference and aid to good management. It makes day to day planning simpler and more efficient and contains over 100 pages of business and travel information. Whether you need important statistical information, a business vocabulary in four languages or details of which airline flies to which city, the FT desk diary has the answers.

**BUSINESS DIRECTORY.** Contains a stock market and financial glossary and lists the top 100 international banks and world stockmarkets.

**BUSINESS TRAVEL.** Contains 52 individual country surveys encompassing no less than 135 international cities. There are city centre maps covering 16 major centres and a 48 page full colour World Atlas.

**DIARY SECTION.** A week-to-view format which runs from November 24th 1994 to January 28th 1996 with plenty of room at the foot of each page for notes. Useful calendars and planners and international holidays are included.

**STATISTICS AND ANALYSIS.** Includes graphs showing the FT Actuaries British Government All-Stocks Index, FTSE 100 index, Dow Jones Industrial Average, The Standards and Pours 500 Composite Index and the Nikkei Average Index.

The FT Desk Diary is available in three finishes, black leathercloth, burgundy bonded leather and black leather. Each has a detachable Address/Telephone Directory with an impressive, hardwearing laminated cover and contains an international dialling code listing.

FT Desk Diary  
Black Leathercloth DC  
Burgundy Bonded Leather DB  
Black Leather DL

Size: 267mm x 216mm x 33mm.

### MATCHING POCKET DIARIES

There are pocket diaries to match the FT Desk Diaries. Each has a week-to-view dated section which runs from December 19th 1994 to January 7th 1996 and contains 34 pages of business and travel information including a guide to hotels, transport and entertainment in London and other UK cities plus essential information for the major business centres of the world. A detachable personal telephone directory tucks inside the back cover.

FT Pocket Diary  
Black Leathercloth PC  
Burgundy Bonded Leather PB  
Black Leather PL

Size: 159mm x 84mm x 14mm

### GOLD BLOCKED-INITIALS OR FULL NAME

Every diary in the FT range can be personalised with initials or full name.

### THE FT RANGE ALSO INCLUDES THE FOLLOWING:

(NOT ILLUSTRATED)

#### FT EUROPEAN DESK DIARY

The definitive European diary shows how the legislative system works and gives a most comprehensive country guide for each EU country. Key sections are in five languages and the dated section is a week-to-view format with each week divided into one hour segments. World atlas, city centre maps and a detachable address/telephone directory are included. The diary runs from November 24th 1994 to January 24th 1996.

FT European Desk Diary

Size: 230mm x 215mm x 30mm

Black Leathercloth EDC

Black Leather EDL

Blue Leather EDBL

#### FT NORTH AMERICAN DESK AND POCKET DIARIES

This edition of the FT Desk diary contains over 100 pages of information covering 62 American and Canadian cities. A full colour world atlas and 25 city centre maps are included. The Pocket diary profiles 19 major international cities. Both diaries have a detachable personal telephone directory.

FT North American Desk Diary

Runs from November 28th 1994 to January 28th 1996.

Size: 267mm x 216mm x 30mm

Black Bonded Leather USDL

FT North American Pocket Diary

Runs from December 26th 1994 to December 31st 1995.

Size: 159mm x 84mm x 10mm

Black Bonded Leather USDP

#### FT SLIMLINE POCKET DIARY

A slim diary with FT pink pages and a black bonded leather cover with a two-week-to-view format which runs from December 26th 1994 to January 7th 1996. Additional pages contain calendars, year planners and profiles of 16 UK cities. International dialling codes and world time zones are included.

FT Slimline Pocket Diary

Size: 170mm x 84mm x 5mm

Black Bonded Leather SP

#### FT CHAIRMAN'S SET

So exclusive only 1,000 will be created for 1995.

The ultimate desk and pocket diary set bound in rich brown leather with fine gold tooling and issued in a limited edition. The diaries are the same size as the FT Desk and Pocket diaries and contain the same meticulously researched information.

Brown Leather CS



### FT PINK PAGE DESK DIARY

This diary has a full page for each weekday and runs from December 30th 1994 to December 31st 1995. There is ample space for notes and the information pages provide a vast quantity of data covering the world's major business centres.

FT Pink Page Desk Diary Size: 190mm x 230mm x 28mm

Black Leathercloth DPC

Black Bonded Leather DP

### FT PINK PAGE POCKET DIARY

With its distinctive pink pages and black bonded leather cover this diary is unmistakably FT and is our most popular pocket diary. It has a landscape, week-to-view diary section which runs from December 19th 1994 to January 7th 1996 and 34 pages of valuable business and travel information. A detachable personal telephone directory is included.

FT Pink Page Pocket Diary Size: 172mm x 87mm 16mm

Black Bonded Leather PP

## THE WORLD'S MOST VALUED BUSINESS GIFTS

There is no better way of promoting your company than to send FT Diaries. Generous discounts are available and each diary in the range can be gold or blind blocked with your company name or logo. You can include up to 16 sides of your own corporate information in the desk diaries and up to 8 sides in the pocket diary.

Discounts start when your order for desk and pocket diaries is for 25 items or more.

CONTACT KATE THOMPSON FOR FURTHER INFORMATION OR A QUOTATION TODAY

TELEPHONE 0483 576144 FAX 0483 302457

## FREE PEN

WITH EVERY ORDER.

AN ELEGANT 1950'S  
STYLE BALL POINT PEN

### ORDER FORM

Please tick where appropriate.

- ☐ I wish to place a firm order as detailed below.  
Note: These prices are for orders of less than 25 items.
- ☐ I am interested in FT Diaries as business gifts and my order is likely to exceed 25 items. Please send me details showing the discounts I can expect.
- ☐ Please send me the FT Collection Catalogue.

By Mail:

REF. NO. 301258

Please return order with payment to:

FT Collection  
Customer Services Department,  
PO Box 6, Camborne,  
Cornwall TR14 9EQ England.

PRODUCT	CODE	UK (incl. VAT + P&P)	EU (incl. VAT + P&P)	REST OF WORLD (incl. P&P)	QTY	Total £
1995 FT DIARIES						
Desk Diary, Black Leathercloth	DC	£28.82	£33.82	£33.09		
Desk Diary, Burgundy Bonded Leather	DB	£49.89	£55.92	£52.31		
Desk Diary, Black Leather	DL	£78.85	£85.01	£76.96		
Pocket Diary, Black Leathercloth	PC	£12.90	£13.30	£11.60		
Pocket Diary, Burgundy Bonded Leather	PB	£14.30	£14.63	£12.72		
Pocket Diary, Black Leather	PL	£15.49	£15.82	£13.73		
Pink Pocket Diary	PP	£14.96	£15.64	£13.74		
Pink Desk Diary, Black Bonded Leather	DP	£33.80	£38.18	£35.66		
Pink Desk Diary, Black Leathercloth	DPC	£22.49	£26.82	£26.03		
Slimline Pocket Diary	SP	£12.96	£13.36	£11.65		
European Desk Diary, Black Leathercloth	EDC	£26.73	£30.67	£29.33		
European Desk Diary, Black Leather	EDL	£47.27	£51.29	£46.81		
European Desk Diary, Blue Leather	EDBL	£47.27	£51.29	£46.81		
North American Desk Diary	USDL	£41.10	£47.09	£44.83		
North American Pocket Diary	USDP	£15.00	£15.34	£13.32		
Chairman's Set	CS	£149.27	£158.77	£141.63		
Personalisation						
Initials (up to 4 characters)*	I	£2.59	£2.59	£2.20		
Full name (up to 20 characters)*	N	£4.64	£4.64	£3.95		
*Please supply your personalisation details separately.						
Prices shown are per diary. UK and EU prices include P&P and VAT. If you are ordering from an EU country other than the UK and are VAT registered please state your VAT number in the space provided in this order form and deduct VAT at the rate prevailing in your country. Rest of the world prices exclude VAT but include P&P.						
TOTAL £						

### HOW TO PAY

By Credit card, by cheque drawn on a UK Bank in pounds sterling and made payable to FT Business Information, by Eurocheque (up to a value of £300, traveller's cheque, international money order or bank draft.

### CREDIT CARD ORDER LINE

TELEPHONE 0209 612820 FAX 0209 612830

Tick Method of payment

☐ Credit Card ☐ Cheque ☐ Money Order ☐ Banker's Draft

If paying by credit card please complete

☐ Access/ ☐ Visa ☐ Amex ☐ Diners

Card No. \_\_\_\_\_

Expiry date \_\_\_\_\_

Cardholder's name \_\_\_\_\_

Signature \_\_\_\_\_

(if billing address differs please supply details)

REGISTERED OFFICE: NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL. REGISTERED IN ENGLAND NUMBER 980896.

Name \_\_\_\_\_

Home/Mobile \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Post \_\_\_\_\_

Code \_\_\_\_\_ Country \_\_\_\_\_

Tel No. \_\_\_\_\_

Fax No. \_\_\_\_\_

VAT No. \_\_\_\_\_

The information you provide will be held by us and may be used to keep you informed of other FTBI products and by selected quality companies for mailing list purposes.

السداد من الرصيد

Television/Christopher Dunkley

## A northern nether-world of oddballs

These days there is so much television that entire series can come and go without the critic managing to mention them. Even if you resist the blandishments of cable and satellite, as most people do, and stick to the four terrestrial channels, there is still a vast amount of material on offer. BBC2 usually closes down from about 1.00 am until 7.00, BBC1 is off the air between 1.00 and 6.00, Channel 4 rests for about three hours most nights, and ITV broadcasts round the clock. This means that most weeks there are around 575 hours of programming available. Consequently some series receive less notice here than they should, and the time has come to catch up.

We are most of the way through two drama series which form an extraordinary pair. Both are transmitted on Thursday nights, indeed they clash for half of their 60-minute duration. Both are based in Newcastle. Each is involved in a nether-world inhabited by oddballs. Each has used a big funeral as one of its central scenes... but then, which British television serial has

not? Melanie Hill appears in both, as does Christopher Fairbank. So does that blasted bridge which must be the only architectural feature of note in the entire city, judging from the obsessive way that cameramen wheedle it into so many shots. You can see the sixth of BBC1's seven-part series, *Crocodile Shoes*, tomorrow, and the fifth in the six-part ITV series, *Finney*.

*Finney* is that unusual phenomenon, a television series inspired by a movie. It can work: those of us who predicted that television could never sustain the acid tragicomedy of *MASH* the movie were forced to admit our error, but such successes are unusual. So at first a series inspired by the 1987 film *Stormy Monday*, in which pop star Sting played jazz club owner of a Newcastle jazz club, seemed unpromising.

Furthermore the plot was entirely familiar from westerns: one member of a family tries to remain uninvolved while everyone else feuds violently with another family. *Crocodile Shoes* seemed more enticing. Not only was the lead role of Jed being taken by Jimmy Nail - the lugubrious George who proved the most popular of the fly-by-night

brickies in *Auf Wiedersehen Pet* and then went on to write and star in *Spender* - this time he was writing, producing, starring and even singing his own country songs. In the central role he plays a Newcastle lather operator whose sister (Melanie Hill) sends off a cassette of his amateur singing efforts and gets him a contract with a London manager.

In the event, however, *Finney* has proved to have more strengths and weaknesses than anticipated. In *Finney* the paterfamilias having been killed in the opening moments of Episode 1, Lena, played by Melanie Hill, becomes the leader of the Finneys in their war with the Simpsons.

It is a pity that director David Hayman, who also plays villain McDade, requires her to wear dark glasses so often, this being such a hard-nut cliché and Lena being the sort of character who would never hide behind anything. Despite this, Lena turns out to be television's most convincing female crook since Ann Mitchell played Dolly in the 1988 *Wildcats*. It is also a little hackneyed to have the supposed humanity of

Finney himself (David Morrissey) symbolised by his passion for jazz. The idea of inverting the old cliché and changing jazz from a paradigm of lowlife and sin into the essence of cool karma has, itself, become a right-on cliché since people such as Alan Plater began using it in the mid 1980s in series such as *The Belterbeck Affair*.

The fact remains that the old formula works. You do feel on Finney's side when he is reluctantly forced to buckle on his gunbelt and get back down among the hard men in order to defend Tom, his ne'er-do-well coward of a brother. The moment when Tom was forced by Bobo Simpson to act as assassin in order to square his gambling debts, and opened the left-luggage locker to find that the photograph of his target showed Bobo himself, was a good coup de théâtre. If the slow-mo monochrome "therapy" inserts showing us the brutality of the boys' upbringing look decidedly familiar, they are nonetheless effective. Most important, the sense of tension - of violence scarcely held in check - is wholly persuasive.

*Crocodile Shoes*, on the other hand, is turning out to be rather



Family feuding: Melanie Hill as Lena - a most convincing crook - and David Morrissey as 'Finney'

less than the sum of its parts. It wins points for not being about crime, and would win even more for not being set in London, New York or Los Angeles, were it not that Newcastle is rapidly joining that list. The scenes in the world of music publishing, where co-star James Wilby plays the self-seeking, Porsche-driving, coke-sniffing Adrian, are as good as anything in this milieu on television since *Rock Follies* in 1976.

The contrast between the effete

boothouse atmosphere of the London music scene and the darkening factories of Newcastle might have provided a telling subtext if treated with a light enough touch, but sentimental opera lessons about the canny lads and the dignity of the workers rather spoil that. The sad visit to the deserted factory in last week's episode was heavy handed enough to make one wonder if the outline on the floor of the old position of Jed's lathe. The black humour (reminiscent of *Bleak* in *Boys From The Blackstuff*) concerning, for example, the chap who paints his head - to look younger for job applications? - prompting the comment "He should have used

non-drip", feels like a deliberately added ingredient rather than a natural element. As for the songs, they have a certain charm and, although Nail's voice is thin, it is easy on the ear. The title song is even quite catchy. The trouble is that the elements do not fit together well enough; *Crocodile Shoes* seems like a contrived assemblage, in which all the constituents - northern recession, Nashville, London drugs

Theatre/Diana Southwell

## The Little Match Girl

After his radical adaptation of Oscar Wilde's *The Picture of Dorian Gray*, the thought of gay provocateur Neil Bartlett interfering with Hans Christian Andersen's *The Little Match Girl* at the Lyric Hammersmith might send shivers down most censorious spines. It is like Fagin leading one of our seasonal institutions down a dark alley for some forbidden pleasure.

But in Leah Hensman's frothy production, fears of something untoward are completely unfounded. This is undiluted child's play, aided and abetted by the show's main attraction: the Britton brothers, Tim and Chris, collectively known as Forebored Fantasy, doubling up as assorted snowmen, nuns, cops and angels when they descend from heaven in their underwear on a snow cloud. Their mission? To protect the Little Match Girl from the yuletide afflictions of poverty and homelessness.

So far so kosher. All Bartlett can really be accused of is shoe-horning Andersen's slight, melancholic and sentimental story of the street urchin who dies from exposure on New Year's Eve into a contemporary Christmas musical. Unfortunately his ambition never quite catches fire. What we get is an evening of sugary anachronisms cheerfully presided over by Terry Neeson's dear, dead old Grandma: an ample-bodied Scottish matron who has been yanked from the steps of Mary Poppins' St Paul's, straphanded and relocated to West London.

Against the backdrop of Penny Sunders' lurid caricatures, Hammersmith is turned into a Dickensian theme park. The council house penny of Stan Reeves' Little Match Girl failing to contend with her grumpy, sun-reading, sofa-bound Dad (Steve Fortme) rapidly gives way to joyous cod-Victorian street bustle when Grandma persuades Miss Match to go out and sell some Swan Vestas.

Suspiciously mature and vocally shrill, Reeves' raven-haired, emaciated heroine is

a striking street ingenue. But there is too much of the artful about her to take her plight seriously. "First The Big Issue, now matches... whatever will they think of next?" snarls Tim Britton's bemused Harrods' grotesque, Griselda, exiting stage left pursued by a tottering skyscraper of Christmas presents. Quite. It seems much more likely that Reeves has time shares in her pocket rather than a handful of lucifers.

The uncomfortable parable, that not everybody is happy at Christmas, is conveniently lost in the warm flush of Nicolas Bloomfield's tripping Sondheim and Lionel Bart-sounding arrangements. Each song, like a struck match, becomes a cue for one of the Match Girl's customised visions. This is where sentiment and the Britton brothers' diverting pantomime are most successfully spliced.

The first startling vision is an enormous, cuddly Pook Bear; but the third vision is the showstopper: an inspired piece of *Alice in Wonderland* with the Brittons as two pieces of giant cutlery - (a sort of Basil Fawlty knife-and-fork duet). In this they champion the hurt feelings of an all-singing, all-dancing Christmas dinner dominated by Steve Fortme's lugubrious giant Turkey, supported by a three-part harmony of Mashed Potatoes (Liza Sadovy, Lindsey Dawson and Simon Penman), and finally swamped by a children's chorus of Brussels Sprouts (pupils from Brackenbury School).

The short second half fails to match this shameless ebullience. The final fantasy scene, where the Little Match Girl is finally taken into heaven, is a restful piece of Bartlett campy with the entire cast conjugating in Restoration wigs around a haystack posing as a Christmas tree. An 18 carat piece of cuteness; but a 22 carat piece of kitsch.

*The Little Match Girl* is at the Lyric, Hammersmith until January 21.



Cute meets kitsch: Siân Reeves as the Little Match Girl

Alastair Muir

Opera/David Murray

## Figaro's Wedding

*Figaro's Wedding*, as the English National Opera quite rightly calls it, is a better translation of Mozart's *Le nozze di Figaro* than the silted "Marriage of Figaro". Since Saturday, Graham Vick's 1991 production is enjoying its second ENO revival, as rehearsed by John Abulafia with a largely new cast. For newcomers to the opera, it would make a fine pre-Christmas treat.

For seasoned Mozartians it offers nothing special beyond a promising team of principals who need a little more time to work themselves in, but it is credible and funny enough in Jeremy Sams' indefatigably bright version ("translation" would be the wrong word). The new conductor is the Canadian Derrick Inouye, who showed a lively grasp of the main lines of the score and how to pace them. The lyrical interplay between soloists and first-deck woodwinds - a touchstone for any *Figaro* of distinction - was less confident on this first night, as in the breathless Cherubino-Susanna duet (as he prepares to leap from the window) orchestra and singers came hopelessly adrift.

The soprano Nerys Jones is Cherubino, prettily sung but slightly relentless in "his" two set pieces; Susanna is Rosemary Joshua, fresh, alert and charming despite too many genteelly indeterminate words. For fiction as well as bursts of solid character, Susan Rickley's Marcellina outdoes them both, and in every ensemble her line is a sterling pleasure to hear. John Connolly's peppery Don Bartolo is another solid asset, uncommonly vital and varied.

Rosa Mannion is an elegantly unhappy Countess who seems to have dropped in from a higher sphere, where the oxygen is thinner. Neither she nor anybody else is particularly accommodated in this production. They go through the basic moves energetically, but none of those were - as balletomanes say - "made" on them, and the general effect is, well, generalised. The sole survivor from the original cast is John Graham-Hall's excellent Don Basilio, whose extravagant foppishness now looks

quite mad among these un-classy people.

The leading men exemplify the problem. Figaro is the bass-ish baritone Steven Page, whose long-jawed, baleful presence makes him a natural Count (his previous role in the opera) no less than the operative-villain tics that stud his vocal delivery. The original Figaro here (Bryn Terfel) must have been very different, but nothing is made of Page's own peculiar strengths. Again, Robert Poulton's Count - who sports a good line in self-satisfied gloating, and compensates for underweight tone by forceful attack - is left to cut a merely foolish figure; why should his Countess care about retrieving him?

Undoubtedly Vick's production was devised according to the virtues of the first cast. The current staging is short on the psychological detail which should lead depth to what is sung - and that must originally have been crucial, for Richard Hudson's sets are too anachronistically minimal to establish anything. Great slabs of plain, bright colours, lined-in just enough to fix them as walls, ceilings and floors; no furniture beyond what the action expressly requires, nor any extra doors or windows. The Almacivas seem to live in near-destitution.

In the bedroom of the Countess there is nothing at all for Susanna to hide behind, so we have to assume that the Count is obstinately failing to notice her. In the final garden-act, brightly lit, the actors have to mime blind stumbling-in-the-dark. Between such collusive artifices and Mozart's uncomplicated naturalism, *Figaro's Wedding* looks fractured. As "poor theatre", it could fit an intimate stage perfectly; in its present form in the vast Coliseum space, it seems wilfully denuded of its cosy, hierarchical domestic setting, without - so far - enough telling character-detail to make good the loss. Goodish, nonetheless, but no kind of "must".

Further performances December 15 and 17; the run continues in January and February.

## Esteve-Coll to leave the Victoria and Albert Museum

Elizabeth Esteve-Coll, the 56-year-old director of the Victoria & Albert Museum, is to quit next September to take up the post of vice chancellor at the University of East Anglia. She will be leaving the V&A in the middle of her second five year term as director.

"It's never easy to leave a place where you are working with a really good team," Esteve-Coll said yesterday "but I can't resist a challenge and the UEA has an international research reputation". She had a difficult start as director in

1988. Many of her senior colleagues disapproved of her attempts to bring in a wider public by popularising displays, and there were eight departures in a year. But she has stamped her look on the V&A, courting sponsors to provide eight refurbished galleries, reintroducing regular exhibitions, and building up visits from school children from 8,000 to 75,000. "This year attendance at the V&A are over 40 per cent higher than in 1988,

thanks mainly to the Fabergé, Pugin and Street Style shows, and should total 1.35m. When Esteve-Coll took over they had fallen below 1m, thanks to the imposition of a suggested entrance charge in 1985. The race to succeed her has already started. With Lord Armstrong still chairing the trustees the new director will presumably be expected to continue Esteve-Coll's populist policies. The most obvious contender is Timothy

Clifford, director of the National Galleries of Scotland, who cut his teeth at the V&A.

He recently co-operated with the V&A in securing the controversial Three Graces, which the two museums will share, and has the necessary mix of knowledge, energy and imagination, plus excellent contacts. But his tendency to shoot from the hip may give the trustees pause.

The V&A, embracing all the decorative arts and with a history as a craft fostering institution, has a tradition of appointing internally: Esteve-Coll was librarian before her surprising lift to director. The most obvious V&A graduate, Charles Saumarez Smith, formerly the research director, put himself out of the running earlier this year when he accepted the top job at the National Portrait Gallery.

Another V&A insider, Simon Jervis,

went to the Fitzwilliam. Most of the remaining departmental heads are fairly young and fairly new; if the trustees go for managerial expertise they might favour Jim Close, who is assistant director in charge of administration.

Alternatively there is Timothy Stevens, a recent arrival from the National Museum of Wales who is assistant director in charge of collections. Among the specialist curators Philippe Glanville, head of metal work, must be a possibility.

Antony Thorncroft

## INTERNATIONAL ARTS GUIDE

## AMSTERDAM

CONCERTS  
Het Concertgebouw Tel: (020) 671 8345

- Philippe Herreweghe: with the Freiburger Barockorchester and the Collegium Vocale Gent conducts Bach at 8.15 pm; Dec 20, 22
- Sir Georg Solti: with the Royal Concertgebouw Orchestra and conducted by Sir Georg Solti, plays Beethoven, Bartok and Kodaly at 8.15 pm; Dec 14

## BERLIN

CONCERTS  
Berliner Philharmonik

- Berlin Philharmonic Orchestra: conducted by Claudio Abbado and with soloist Maurizio Pollini plays Brahms and Mussorgsky at 8 pm; Dec 14, 15, 16, 19, 20, 21
- OPERA/BALLET  
Deutsche Oper Tel: (030) 41 92 49
- Siegfried: by Wagner. Conductor Horst Stein, production by Götz Friedrich at 8.30 pm; Dec 14
- Staatsoper Unter den Linden Tel: (030) 2 00 4762

● Die Verurteilung des Lukullus: by Paul Dessau. Conductor Hirsch, production by Berghaus at 8 pm; Dec 15, 18 (8 pm)
- Die Zauberflöte: by Mozart. Conductor Daniel Barenboim, production by August Everding at 7 pm; Dec 14, 20, 23, 25
- Domröcher: by Tchaikovsky. Conducted by Stolze, choreographed by Nureyev at 7 pm; Dec 26
- La Traviata: by Verdi. Conducted by Rizzi, production by Kirst. In Italian at 7 pm; Dec 17

## BRUSSELS

CONCERTS  
Philharmonique de Bruxelles Tel: (02) 507 84 34

- André Schiff: pianist, plays Bach, Reger, Handel and Brahms at 8 pm; Dec 19
- Royal Concertgebouw Orchestra: with pianist Evgeny Kissin and conducted by Sir Georg Solti, plays Beethoven, Bartok and Kodaly at 8 pm; Dec 17

## LONDON

CONCERTS  
Barbican Tel: (071) 838 8891

- Royal Philharmonic Orchestra: Christmas concert with conductor Owsain Arwel Hughes at 7.30 pm; Dec 20, 28
- The Dream of Gerontius: by Edgar. The London Symphony Orchestra with mezzo-soprano Anne Sofie von Otter conducted by Sir Colin Davis at 7.30 pm; Dec 15
- Festival Hall Tel: (071) 926 8800
- International Series: The London Philharmonic conducted by Bernard Haitink plays Berlioz (Overture,

Benvenuto Cellini), Ravel (Mother Goose) and Vaughan Williams (Symphony No.5) at 7.30 pm; Dec 15

GALLERIES  
Royal Academy Tel: (071) 439 7438

- The Glory of Venice: a major survey of Venetian art in the 18th century; to Dec 14
- OPERA/BALLET  
English National Opera Tel: (071) 832 8300
- Ariadne on Naxos: by Strauss. A Graham Vick production at 7.30 pm; Dec 14
- Figaro's Wedding: in house debut for conductor Derrick Inouye at 7 pm; Dec 15, 17
- Khovanshchina: new production of Mussorgsky's opera. Director Francesca Zambello at 6.30 pm; Dec 16
- Festival Hall Tel: (071) 926 8800
- The Nutcracker: by Tchaikovsky. English National Ballet and its Orchestra choreographed by Ben Stevenson at 7.30 pm; from Dec 21 to Jan 2 (Not Sun)
- Royal Opera House Tel: 071 240 1911
- Ashton Remembered: celebration of the Royal Ballet founder choreographer Frederick Ashton. Includes pieces by Mendelssohn, Offenbach, Massenet and Walton at 7.30 pm; Dec 15, 17 (2 pm)
- Cinderella: music by Prokofiev. Created by Frederick Ashton in 1948, this was the first full-length ballet by an English choreographer at 7.30 pm; Dec 23 (2 pm), 26 (2 pm)
- La Traviata: by Verdi. A new production by Richard Eyre. Georg Solti conducts for the first five performances, then Philippe Auguin. In Italian with English surtitles at 7.30 pm; Dec 16, 19

● Mixed Programme by the Royal Ballet Company: includes Fearful Symmetries choreographed by Ashley Page, and Symphony in C by Bizet, choreographed by George Balanchine at 7.30 pm; Dec 14
- The Sleeping Beauty: a new production of Tchaikovsky's ballet. Produced by Anthony Dowell, set designed by Maria Bjornson at 7.30 pm; Dec 20 (2 pm), 21, 22

THEATRE  
National, Lyttelton Tel: (071) 928 2252

- Out of a House Walked a Man: by Daniel Kharms. A Royal National Theatre and Theatre de Complicité co-production of a collection of musical scenes by the Russian absurdist writer at 7.30 pm; Dec 14 (2.15 pm), 23, 26
- The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Dec 15, 16, 17 (2.15 pm), 19

## NEW YORK

GALLERIES  
Whitney Museum

- Franz Kline: Black and White 1950-61: major Abstract Expressionist works from the last decade of the artist's life; from Dec 16 to Mar 12
- OPERA/BALLET  
Metropolitan Tel: (212) 362 6000
- Die Fledermaus: by J. Strauss. Sung in German with English dialogue at 8 pm; Dec 22
- Don Giovanni: by Mozart, sung in Italian at 8 pm; Dec 16, 20, 24 (1.30 pm)
- Madame Butterfly: by Puccini at 8 pm; Dec 14, 17, 21
- Peter Grimes: by Britten. English at 8 pm; Dec 15, 19, 23

● Rigoletto: by Verdi at 8 pm; Dec 17

## PARIS

CONCERTS  
Champs Elysées Tel: (1) 47 23 37

- French National Orchestra: Jeffrey Tate conducts Beethoven Symphonies Nos. 2 and 3 at 8 pm; Dec 15, 17
- GALLERIES  
Louvre Tel: (1) 42 60 39 26
- British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner. Closed Tue; to Dec 19

OPERA/BALLET  
Champs Elysées Tel: (1) 47 23 37

- French National Orchestra: Jeffrey Tate conducts Beethoven Symphonies Nos. 2 and 3 at 8 pm; Dec 15, 17
- GALLERIES  
Louvre Tel: (1) 42 60 39 26
- British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner. Closed Tue; to Dec 19

OPERA/BALLET  
Champs Elysées Tel: (1) 47 23 37

- French National Orchestra: Jeffrey Tate conducts Beethoven Symphonies Nos. 2 and 3 at 8 pm; Dec 15, 17
- GALLERIES  
Louvre Tel: (1) 42 60 39 26
- British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner. Closed Tue; to Dec 19

OPERA/BALLET  
Champs Elysées Tel: (1) 47 23 37

- French National Orchestra: Jeffrey Tate conducts Beethoven Symphonies Nos. 2 and 3 at 8 pm; Dec 15, 17
- GALLERIES  
Louvre Tel: (1) 42 60 39 26
- British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner. Closed Tue; to Dec 19

OPERA/BALLET  
Champs Elysées Tel: (1) 47 23 37

- French National Orchestra: Jeffrey Tate conducts Beethoven Symphonies Nos. 2 and 3 at 8 pm; Dec 15, 17
- GALLERIES  
Louvre Tel: (1) 42 60 39 26
- British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner. Closed Tue; to Dec 19

Stephanie Blythe at 8.30 pm; Dec 16, 17, 18, 19

## GALLERIES

National Gallery Tel: (202) 737 4215

- Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the Cathedrals of Florence, Pavia and St. Peter's; from Dec 18 to Mar 19
- OPERA/BALLET  
Kennedy Centre Tel: (202) 467 4600
- The Nutcracker: music by Tchaikovsky. Presented by the Jeffrey Ballet, choreographed by Robert Jeffrey. No show Dec. 12th, mats at 2pm otherwise at 8 pm; to Dec 17
- THEATRE  
Gunston II Tel: (703) 418 4808
- An Evening with Tom Stoppard: a series of three one act plays by the British playwright presented by the Washington Shakespeare Company at 8 pm; to Dec 17

OPERA/BALLET  
Kennedy Centre Tel: (202) 467 4600

- The Nutcracker: music by Tchaikovsky. Presented by the Jeffrey Ballet, choreographed by Robert Jeffrey. No show Dec. 12th, mats at 2pm otherwise at 8 pm; to Dec 17
- THEATRE  
Gunston II Tel: (703) 418 4808
- An Evening with Tom Stoppard: a series of three one act plays by the British playwright presented by the Washington Shakespeare Company at 8 pm; to Dec 17

OPERA/BALLET  
Kennedy Centre Tel: (202) 467 4600

- The Nutcracker: music by Tchaikovsky. Presented by the Jeffrey Ballet, choreographed by Robert Jeffrey. No show Dec. 12th, mats at 2pm otherwise at 8 pm; to Dec 17
- THEATRE  
Gunston II Tel: (703) 418 4808
- An Evening with Tom Stoppard: a series of three one act plays by the British playwright presented by the Washington Shakespeare Company at 8 pm; to Dec 17

OPERA/BALLET  
Kennedy Centre Tel: (202) 467 4600

- The Nutcracker: music by Tchaikovsky. Presented by the Jeffrey Ballet, choreographed by Robert Jeffrey. No show Dec. 12th, mats at 2pm otherwise at 8 pm; to Dec 17
- THEATRE  
Gunston II Tel: (703) 418 4808
- An Evening with Tom Stoppard: a series of three one act plays by the British playwright presented by the Washington Shakespeare Company at 8 pm; to Dec 17

OPERA/BALLET  
Kennedy Centre Tel: (202) 467 4600

- The Nutcracker: music by Tchaikovsky. Presented by the Jeffrey Ballet, choreographed by Robert Jeffrey. No show Dec. 12th, mats at 2pm otherwise at 8 pm; to Dec 17
- THEATRE  
Gunston II Tel: (703) 418 4808
- An Evening with Tom Stoppard: a series of three one act plays by the British playwright presented by the Washington Shakespeare Company at 8 pm; to Dec 17

## WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHz (483m)

## EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)

MONDAY TO FRIDAY  
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY  
NBC/Super Channel: FT Reports 1230.

TUESDAY  
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY  
NBC/Super Channel: FT Reports 1230

FRIDAY  
NBC/Super Channel: FT Reports 1230  
Sky News: FT Reports 0230, 2030

SUNDAY  
NBC/Super Channel: FT Reports 2230  
Sky News: FT Reports 0430, 1730;

# European states need to be prepared to pay for military independence

The second fact is that the Europeans have conducted their policy towards the war in Bosnia in the teeth of open and repeated opposition from the U.S. After the fall of the Berlin Wall, many in the west asked whether Nato had a future, and if so, what future? Nato policymakers tried to answer the question by drafting long

**We have come to the end of the honeymoon between Russia and the west**

denounced US plans to expand Nato into eastern Europe. And while the US has been siding more openly with the Bosnian Moslems, the Russians have been siding more openly with the Serbs. Last week they reduced the pan-European security summit in Budapest to futility by blocking any resolution on the Bosnian war.

It will still be cheaper and easier to pretend that nothing has changed. All European governments will do their best to keep Nato in business and American forces in Europe; British traditionalists will continue to bray about the "special relationship". But the past cannot be brought back: Europe will have to choose.

Prof Nicely shared his findings on the Internet, a global network of computers, prompting near-hysteria among computer scientists. The story was quickly picked up by the

# Article of faith challenged

media, creating a public rela- risk of error is significa

..... Lou Gerstner, IBM  
chairman & chief executive

IBM's announcement on Monday that it was halting sales of its Pentium PCs was therefore a blow for Intel. We've conducted our own tests and concluded that the

made by millions of PC users are random and that the number of calculations made per day is approximately 1,000.

By inserting non-random numbers into their tests and substantially increasing the

So far, no other PC manufacturer has followed IBM's lead and Intel hopes that it can contain the problem by continuing

## LETTERS TO THE EDITOR

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## MMC must look into this fowl practice

Hugh Raven,  
Tim Lang,  
*SAFE Alliance,*  
338 Ebury Street,  
London SW1W 0LL

## Rules for a Euro referendum

## BAA charges

not excessive

## A painful account to be heeded

Alexander Hutchison,  
47 Camphill Avenue,  
Langside,  
Glasgow G41 3AX

## Why not take a kick at another obsession?

WAXEN ONLY 200

So why does not Mr Dunkley

Kent BR7 6QL

Amsterdam  
Berlin  
Bruxelles  
Düsseldorf  
Frankfurt  
Genève  
Göteborg  
Hamburg  
Helsinki  
København  
London  
Madrid  
Milano  
München  
Paris  
Roma  
Stockholm  
Stuttgart  
Torino  
Venezia  
Zürich

**Bratislava**  
arr. 13.45

**Bucaresti**  
arr. 14.25

**Budapest**  
arr. 12.40

**Kiev**  
arr. 14.50

**Krakow**  
arr. 12.55

**Ljubljana**  
arr. 15.40

**Minsk**  
arr. 14.35

**Moskva**  
arr. 15.10

**Odessa**  
arr. 13.05

**Praga**  
arr. 15.45

**St. Petersburg**  
arr. 16.15

**Sofia**  
arr. 14.40

**Tbiliswara**  
arr. 14.35

**Thranst**  
arr. 14.05

**Vilnius**  
arr. 14.55

**Warszawa**  
arr. 12.45

**Zagreb**  
arr. 15.15

... are these via **Vienna International Airport**, one of the most important hubs in Europe. Austrian Airlines, a Western airline with decades of experience in Eastern Europe, offer you 17 destinations in Eastern Europe. In many cases we have the quickest or even the only connection to important Eastern European cities. No matter which European city you start from, travelling via Vienna International Airport, with its modern infrastructure, short transfer times and superb shopping facilities, you will find more numerous and better quality onward connections to Eastern Europe than from any other airport. You may order our comprehensive flight transfer timetable in handy card form free of charge from Austrian Airlines. Simply photocopy your business card and pay it against remittance "Transfer Timetable" in Ex. no. 431-168792.

**Welcome To**

London SW1W 9LJ







## INTERNATIONAL COMPANIES AND FINANCE

## Mercedes-Benz to build Swatchmobile in France

By Kevin Done,  
Motor Industry Correspondent

Mercedes-Benz, the German carmaker, is to build its first car assembly plant in France. The company is expected to announce next week that it has chosen a site in Lorraine, northern France, for the production of its pioneering micro city car - the so-called Swatchmobile - which it is developing in a joint venture with SMH, the Swiss watchmaker.

The decision was disclosed yesterday by Mr Karl Feuerstein, the chairman of the Mercedes-Benz employees' council and a member of the supervisory boards of both Mercedes-Benz and Daimler-Benz, the parent company.

Mr Feuerstein, who has been fighting to bring the project to Germany, said the plant would be built at Hambach, near Sarreguemine in Lorraine. Mercedes-Benz refused to confirm the site, and insisted

that negotiations were continuing with several local authorities.

An official announcement is expected on December 20, following a meeting of the Daimler-Benz board.

Mr Feuerstein claimed that some 8,900 jobs would be created by the micro-car project, including 800 to 1,000 jobs at the car plant itself. The bulk of the jobs, however, would be created at suppliers to the project, including 3,900 at components producers in Germany. Some 1,300 jobs will be created at Mercedes-Benz plants in Germany.

Mr Feuerstein said the French car plant would have capacity to produce up to 200,000 cars a year, with production beginning in 1997. Mercedes-Benz planned to build additional micro-car plants elsewhere in Europe, if the car was a success.

He attacked the choice of a French site, saying the Mercedes-Benz workforce was "angry and indignant" at the decision to locate the plant outside Germany.

It would send a "devastating signal" about the future of Germany as a centre for car production, he said.

With the Swatchmobile, the company is aiming to open up a new segment at the bottom of the European car market for a two-seater urban micro-car. At only 2.5 metres long, much shorter than the Mini, they can be parked in congested cities head-on to the pavement.

The group is planning a radical approach to car assembly for the project, with a modular system which will rely heavily on outside suppliers.

The level of vertical integration - the share of in-house production versus bought-in components - will be cut to 20 per cent from the 45 per cent level of existing Mercedes-Benz car operations.

## Veolia plans to invest DM30bn in five years

By Michael Lindemann in Bonn

Veolia, the energy-based conglomerate, will invest DM30bn (\$19bn) over the next five years, under a plan which will see the group reduce its exposure in cyclical businesses such as chemicals and focus on becoming a key player in European telecommunications.

About 40 per cent, or DM12.1bn, would be spent on investments in PreussenElektra, the group's biggest division and Germany's largest utility. A further DM2.1bn would be spent on telecoms, but the company said that on top of the investment budget another DM5bn was available "for specific acquisitions or to start up partnerships".

Some of that money could be spent on finding an experienced international partner for Veolia's expanding telecoms operation. The company had hoped to find a partner by the end of this year but said a decision was now likely in January.

The group said it would continue to scale down its activities in chemical commodities and concentrate the business more on specialities.

As part of its strategy to branch out into telecoms, Veolia has already approached ARD and ZDF, the two publicly-owned television stations, with an offer to provide an alternative network which would have an expected turnover of up to DM80m.

The company said it hoped Mr Wolfgang Bötsch, the minister for post and telecommunications, would approve Veolia's application for the venture within the next few months, marking the first time that the two channels would be able to work with a company other than Deutsche Telekom, the monopoly soon to be privatised.

However, the ministry said it had told Veolia that no decision would be likely in the near future and that a broader decision about how to deal with so-called alternative networks would not be made until the middle of next year.

## Czech banks warned on bad debts

By Nicholas Denton

Loan losses have wiped out the capital of some Czech commercial banks, according to an investigation by the country's central bank.

"There could be some banks in the system that have negative capital adequacy," said Mr Ota Kaftan, head of banking supervision at the Czech National Bank.

Three small institutions have already collapsed, and Agrobanka, the fifth-largest bank, had to seek an injection after loan losses destroyed its capital.

Further failures would mar an international image which

has, in the latest quarter, allowed three of the largest banks to raise syndicated loans at only 65-70 basis points over the London interbank rate.

Komerční, Obchodní and Investiční banks, the main borrowers on international markets, have evaluated their portfolios according to strict international standards at least since their 1993 results.

The CNB has, however, exposed a much higher level of bad debts than previously recorded for the sector as a whole. The key ratio of non-performing loans to assets jumped from 12 per cent in August to 20 per cent in September, the first month in

which the new international methodology was applied.

Accounting, according to international standards, will force those Czech banks which have not yet translated their accounts to recognise loan losses that may exceed their capital.

Ceska Sporitelna, the savings bank traded on the Prague stock market, is the largest lender on the interbank market and is particularly exposed to defaults by smaller banks.

The CNB said an adjustment for collateral and government guarantees improved the picture, and warned that the figures could be misleading. "It is

not a catastrophe," said Mr Kaftan.

The Czech banking sector had capital of more than 6.25 per cent of assets at the end of 1993, but the CNB refused to disclose the capital adequacy ratio implied by the new classification of loans.

Hungary's first comprehensive evaluation of banks' portfolios revealed that the two largest commercial banks had negative capital equivalent to 8 per cent of assets.

Stricter evaluation of bad debts makes the Bank for International Settlements' official deadline - 1996 - for Czech banks to reach the 8 per cent ratio less attainable.

deadline of December 31 for the full privatisation of Italy's state-owned steel industry. Mr Vito Gnutt, Italy's industry minister, said he hoped the EU timetable would be respected.

Mr Gnutt also warned that the ambitious Italian privatisation programme was facing more difficulties than had originally been foreseen. In particular, he spoke of "technical problems" with the establishment of a regulatory authority for Enel, the state electricity company. He said he still expected the government to sell a first tranche of Enel shares by June 1995.

## Riva joins bids for Italian steel group

By Andrew Hill in Milan

Riva, the private Italian steel producer, has joined the bidding for Iva Laminati Piani, the state-owned flat steels company up for privatisation, Italian news agencies reported yesterday.

Riva is said to have renewed its alliance with Bolzano, a private company formed by two Italian steel traders. No details of either offer have emerged.

Riva was always considered one of the most likely buyers for I.P. Riva-Tarnofin submitted an offer to IRI two weeks ago, but withdrew it when IRI insisted on keeping the sale

open to other potential buyers.

Interviewed last week, Mr Domenico Cassella, the president of Tarnofin and of Tarnofin's local employers' association, spoke of the local entrepreneurs' "duty" to play a role in the future of the plant which dominates the southern Italian town. "One era has finished and a new one has begun, and we have to give a signal of active involvement [in I.P.]," he said.

Directors of IRI are expected to meet tomorrow to discuss the offers. They do not have much time to agree the sale of I.P. before the European Union

speculation until it is presented with the facts.

A banker close to the negotiations said further discussions may be held between the two sides, but added: "The banks are pretty fed up with a situation that has dragged on too long."

Another source suggested that the Barclays move had been timed to put pressure on Mr Montague to produce a better offer before the December 22 deadline.

Mr Montague had wanted to negotiate an individual voluntary agreement, under which he would have sought to pay back his debts over a period of time, but would have been allowed to remain on the board of Tiphook.

gave Mr Montague time to reach agreement with his creditors, which also include Commerzbank and Lloyds Bank.

The Barclays petition is due to be heard on January 9.

Of the money owed to Barclays, some £3m is secured on Mr Montague's 1,300-acre estate at Pusey in Oxfordshire, north-west of London.

RBS's outstanding debts are thought to relate to loans made for improvements and upkeep of the estate. Commerzbank is said to be owed about £12m, of which about £7m is secured on Mr Montague's yacht, which is up for sale.

The latest development in the financial turmoil surrounding Mr Montague will increase

## Barclays serves writ on Tiphook chief

By Christopher Price in London

A second bankruptcy petition has been served on Mr Robert Montague, chief executive of Tiphook, the UK container rental group, after the breakdown of negotiations between Mr Montague and creditor banks over his estimated £40m (\$62.5m) of personal debts.

Barclays Bank, which is owed about £3m, is thought to have served the notice late last week. Mr Montague was issued with his first writ, for £2.3m by the Royal Bank of Scotland, in September.

That was due to be heard last month, but was extended until December 22 in order to

pressure on the Tiphook board ahead of its interim results tomorrow, which are expected to reveal further deep losses.

The group, which has seen its stock market value shrink to a twelfth of its worth three years ago, last year made losses of £331.1m.

If Mr Montague were to be made bankrupt, it would disqualify him from serving as a director of a public company.

The Tiphook board has so far remained loyal to its former chairman and present chief executive. It said last night: "The company regards Mr Montague's private affairs as just that - private. The company will not comment on

speculation until it is presented with the facts.

A banker close to the negotiations said further discussions may be held between the two sides, but added: "The banks are pretty fed up with a situation that has dragged on too long."

Another source suggested that the Barclays move had been timed to put pressure on Mr Montague to produce a better offer before the December 22 deadline.

Mr Montague had wanted to negotiate an individual voluntary agreement, under which he would have sought to pay back his debts over a period of time, but would have been allowed to remain on the board of Tiphook.

gave Mr Montague time to reach agreement with his creditors, which also include Commerzbank and Lloyds Bank.

The Barclays petition is due to be heard on January 9.

Of the money owed to Barclays, some £3m is secured on Mr Montague's 1,300-acre estate at Pusey in Oxfordshire, north-west of London.

RBS's outstanding debts are thought to relate to loans made for improvements and upkeep of the estate. Commerzbank is said to be owed about £12m, of which about £7m is secured on Mr Montague's yacht, which is up for sale.

The latest development in the financial turmoil surrounding Mr Montague will increase

## ICI set to scrap in-house manager for £4.6bn scheme

By Norma Cohen and  
Steve Thompson in London

Imperial Chemical Industries is preparing to scrap the in-house manager for its £4.6bn (\$7.2bn) pension scheme and has asked leading investment fund managers in London to make presentations to manage the funds externally. If ICI farmed out its entire investment portfolio, it would be the largest "beauty parade" for external fund managers held in the UK within recent memory.

ICI yesterday confirmed that the management of the pension scheme was under review but said no decisions had been made. Several leading fund managers said privately they had been asked to bid for the business.

ICI is said to be seeking a core of managers to run "balanced" portfolios investing in the UK and abroad in shares and bonds and a group of "specialist" managers who will manage smaller satellite

portfolios of investments in discrete geographical regions or special asset classes.

Two weeks ago, Zeneca, the drugs company which was demerged from ICI in 1993, formally withdrew its £1.3bn in pension assets from the ICI Pension Fund, leaving only the property portfolio with the in-house manager. Its new managers are PPFM, Mercury Asset Management, Schroder Investment Management and J.P. Morgan Investment Management.

ICI and Zeneca's pension schemes combined had been the 10th largest scheme in Britain. The decision to review the scheme's management follows the sudden death in the summer of Mr Thomas Heyes, long-time head of ICI's investment department, and a wider review of the scheme.

ICI, like many other large UK companies, has used its pension scheme to provide early retirement benefits to

significant numbers of workers made redundant since the early 1980s.

The provision of early retirement benefits has the effect of forcing schemes to crystallise their liabilities, a move which could force them to switch investments out of equities and into bonds.

That switch could prompt employers to add additional cash to their schemes because over time, bonds offer lower total returns than equities.


In 1993, ICI and Zeneca together had more than 36,000 current or deferred pensioners and only 38,000 contributing members, according to Pension Funds and Their Advisers, an industry handbook.

Its investments are heavily tilted towards equities with nearly 80 per cent of assets in UK or overseas shares. Just over 10 per cent of the schemes' combined assets are in UK or overseas bonds.

These securities have been sold. This announcement appears as a matter of record only.

Private Placement

Cdn\$23,000,000



NOBLE CHINA INC.

9% Convertible Debentures due November 30, 2004.  
To fund the acquisition of certain brewery assets  
in the People's Republic of China.

Price: 100

The issue of these securities has been underwritten by the undersigned.

Loewen, Ondaatje, McCutcheon  
Limited Richardson Greenshields of  
Canada Limited

Toronto Dominion Securities  
Inc.

November 1994

Notice to the Holders of

**RISO Kagaku Corporation**  
Tokyo, Japan (the "Company")  
Yen 10,000,000,000  
2 1/4 per cent. Convertible Bonds due 1998  
(the "Bonds 1998")

"Adjustment of the Conversion Price"

NOTICE IS HEREBY GIVEN that the Board of Directors of the Company, at its meetings held on November 16 and November 24, 1994, resolved upon the issue of Yen 10 billion convertible bonds due March 31, 2002 (the "Bonds 1994") issued in the Eurodollar markets on December 12, 1994 with the conversion price initially to be Yen 9,133 per share while the current market price of the Company's shares pursuant to Clause 7(H)(vii) of the Trust Deed dated 4th March, 1993 entered into between the Company and JBS Schroder Bank & Trust Company relating to the Bonds 1993 was Yen 10,976.70.


In connection with the issue of the Bonds 1994, the Conversion Price of the Bonds 1993 has been adjusted in accordance with Clause 7(H)(iv) of the Trust Deed as follows:

The Conversion Price before adjustment:	Yen 6,253
The Conversion Price after adjustment:	Yen 6,180.90
The Effective Date of the adjustment:	December 13, 1994 (Japan time)

This announcement is made pursuant to Condition 12 of the Terms and Conditions of the Bonds 1993.

December 14, 1994.

The Industrial Bank of Japan, Limited  
as Disbursement Agent on behalf of:  
**RISO Kagaku Corporation**



EBEL S.A.

has been acquired by

**Chronograph Limited**

a company formed by Investcorp, other international investors and members of senior management

arranged by

**INVESTCORP**

Morgan Guaranty Trust Company of New York  
acted as financial adviser to Investcorp.

**JPMorgan**

September 1994 This announcement appears as a matter of record only.

© 1994 J.P. Morgan & Co. Incorporated  
Morgan Guaranty Trust Company of New York is a member of the Securities and Futures Authority.

**GOLD FIELDS OF SOUTH AFRICA LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration No. 09/04181/06)

CONVERTIBLE REDEEMABLE CUMULATIVE PREFERENCE SHARES  
DECLARATION OF DIVIDEND

Dividend No. 21 of 145 cents per preference share for the six months ending 31 December 1994 has today been declared in South African currency, payable to preference shareholders registered in the books of the company at 12:00 on 30 December 1994.

Warrants payable on 25 January 1995 will be payable to preference shareholders on 24 January 1995.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 30 December 1994, in accordance with the above-mentioned conditions.

The register of members will be closed from 31 December 1994 to 6 January 1995, inclusive.

By order of the Board  
per pro GOLD FIELDS CORPORATE SERVICES LIMITED  
London Secretaries  
S.J. Dunning, Secretary

London Office and Office of  
United Kingdom Registrars:  
Grosvenor House  
Finsbury Square  
London EC2M 3DB

Head Office:  
75 Fox Street  
Johannesburg 2001  
Republic of South Africa

15 December 1994

**Dee Valley Water plc**  
(Registered in England with Number 2902525)

Introduction to the Official List  
by means of a Scheme of Arrangement  
Sponsored by  
Butterfield Securities

Dee Valley Water plc is the holding company for Wrexham Water plc.

Share Capital		Authorized		Issued	
	£	No.	£	No.	£
Ordinary Shares	2,881,311	27,066,000	418,459	4,329,180	511,201
Non-Voting Ordinary Shares	511,201	10,240,000	7,597	1,479,540	2,500,000
2.875% Redeemable Preference Shares 1996/98	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

Availability of Listing Particulars

Copies of the listing particulars can be obtained during normal business hours on any weekday (Saturdays excluded) up to and including 3 January 1995 from the following:

Dee Valley Water plc: Finsbury Wrexham Road Rhosyllates Wrexham Cheshire LL14 4DS	Butterfield Securities 24 Chiswell Street London EC1Y 4TY
--	--

Copies of the listing particulars may also be collected from the Company's  
Announcements Office, The London Stock Exchange, Capital Cross Entrance, off  
Barrabas Lane, London, EC2R 6RH and 20th December 1994.

Dated 14th December 1994

**Commodity & Financial  
History on Compact  
Disk**

Decades of historical futures prices and fundamental information immediately at your fingertips. By providing everything you need in our easy-to-use source CRB InfoTech helps you perform analysis, benchmarking, hedging, presentation and lots more...

35 YEARS OF HISTORICAL PRICES FOR CASH, FUTURES, OPTIONS AND INDEX MARKETS.

20 YEARS OF FUNDAMENTAL INFORMATION ON OVER 100 COMMODITIES.

Similar to the information found in the CRB Commodity Year Book, the CRB InfoTech software is specifically designed to download and import end-of-day prices directly into your database.

FOR INFORMATION: Basilis Vadi  
KR House, 78 First Street, London EC2A 4HY  
Tel: +44 (0) 71 642 4093

**CITY INDEX**

THE CITY'S BOOKMARK

The Market Leaders in spread betting - Financial and Sports. For a brochure and an account application form call 071 281 3667. Accounts are normally opened within 72 hours. See our up-to-date prices on the net to 9p m. on Telecom page 602.

**REUTERS 1000**  
24 hours a day - only \$100 a month!  
LIVE FINANCIAL DATA DIRECT TO YOUR PC  
HyperCOM! Europe +44 682 6775

**ARBITRAGE**

Are you interested in potentially substantial stock market trading profits? We offer a unique performance related service. Contact: Arbitrage Dept. Michael Laurie Partnership Ltd (Member of SFA)  
Tel. 071 493 7030 Fax: 071 491 8998

صندوق الاستثمار

هكذا من الاصل

ed on bad de

[illegible]

# alian steel

the other end of the line  
improved last year, by  
about 1 percent, he  
said. In 1961, the  
total population  
grew by 1.2 percent.  
The future of  
the country, he  
said, depends  
on how the  
land is managed.  
It must be  
used to better  
the lot of the  
people, he said.  
The future of  
the country, he  
said, depends  
on how the  
land is managed.  
It must be  
used to better  
the lot of the  
people, he said.

**on Tiphook chi**

[illegible]

## Absolutely

1945

Figure 1. Schematic diagram of the experimental setup.

1112

1922

**Abstract**—The purpose of this study was to determine the effect of a 10-week training program on the heart rate (HR) and energy expenditure (EE) of sedentary, middle-aged women. The subjects were randomly assigned to a control group (CON) and an exercise group (EX). The EX group performed a 10-week training program consisting of three sessions per week of aerobic exercise. The HR and EE were measured at baseline and at the end of the 10-week training program. The EX group showed a significant decrease in HR and a significant increase in EE compared to the CON group. The results of this study suggest that a 10-week training program can improve the cardiovascular fitness and energy expenditure of sedentary, middle-aged women.

111

157

1000

ARBITRAGE

YOU'RE NOT JUST  
LOOKING FOR AN  
FX DEALER.  
YOU'RE LOOKING FOR AN  
FX PARTNER.

YOU DON'T WANT  
PAT ANSWERS, YOU WANT  
INDIVIDUALIZED  
SOLUTIONS.

YOU WANT A BANK  
THAT CAN EXECUTE THE  
SIMPLE TRADES,  
AND HELP YOU MANAGE THE  
COMPLEX ONES.

FINANCIAL EXECUTIVES  
HAVE RECOGNIZED  
A BANK LIKE THAT.  
FOR SIXTEEN  
YEARS IN A ROW.

For the sixteenth successive year, Citibank has been voted No. 1 in Foreign Exchange in the *Euro money* survey of Corporate CFOs, Treasurers and Fund Managers. Citibank FX: year after year, decade after decade, voted first by those who matter.

[illegible]

This announcement appears as a matter of record only.

CEPA

Compañía Elaboradora de Productos  
Alimenticios S.A.  
Buenos Aires, Argentina

US\$21,000,000

Financing for the modernization and upgrading  
of the Company's meat processing plants.

US\$18,000,000

Senior Term Loan

Provided by  
International Finance Corporation  
and through participation  
in the IFC loan by

RABOBANK Curaçao n.v.

US\$3,000,000

Convertible Income Participating Loan

Provided by  
International Finance Corporation



INTERNATIONAL FINANCE CORPORATION  
A Member of the World Bank Group

December 1994

## INTERNATIONAL COMPANIES AND FINANCE

## New Line hopes to break out of old mould

The film group is moving into the big-budget movie business, writes Alice Rawsthorn

This Friday's premiere of *Dumb and Dumber*, starring Jim Carrey, the cult comedian, will mark the end of an extraordinary year for New Line Cinema, one of Hollywood's most talked about movie studios.

New Line started 1994 by finalising its \$500m acquisition of Mr Ted Turner, the buccaneering media mogul. It went on to score its biggest hit in Carrey's *The Mask*, which has earned almost \$100m in the US.

It then joined the ranks of Hollywood's big spenders by offering Julia Roberts \$12m and Meg Ryan \$8m to star in a remake of *The Women* and bidding \$4m for *The Long Kiss Goodnight*, an unfinished script by Shane Black.

As New Line is aware, 1995 will be a critical year in which it must prove it can break away from its old independent status by producing big budget movies as a direct competitor of leading studios such as Warner Brothers, Sony and Paramount.

The Hollywood cynics are already predicting it has gone too far and risks becoming yet another ambitious Hollywood independent that aimed too high and lost.

Mr Robert Shaye, chairman, disagrees. "We've been in this business for 27 years. We've

proved ourselves by making successful films for niche audiences. Now we're ready to move on," he says.

Mr Shaye is a Columbia law school graduate who became a film archivist at New York's Museum of Modern Art. He founded New Line in 1967 by selling underground movies to college film clubs from his apartment in Manhattan.

New Line made its name in the movie world with a string of cult successes almost entirely at a young audience - from the *Nightmare on Elm Street* series, which has grossed \$500m worldwide, to art-house projects such as Mr Gus Van Sant's *My Private Idaho* and Mr Robert Altman's *Short Cuts*.

It soon won a reputation for tight cost control. Mr Shaye became infamous for memos urging staff to save paper and recycle paper clips. He also practised what he preached by driving a 1972 Oldsmobile convertible.

New Line swiftly distinguished itself from fellow independents by diversifying into distribution. Most concentrate on the less profitable area of production, thereby remaining reliant on distribution deals with the big studios.

Mr Shaye and Mr Michael Lynne, a lawyer friend from

Big spender: New Line paid Carrey \$7m for *Dumb and Dumber*

Columbia who became president of New Line in 1990, expanded their production interests by launching Fine Line Features to handle art-house projects, including the Altman and Van Sant films. The New Line group was making 14 films a year by the early 1990s.

However, there were limitations attached to its independent status. The main problem was that its banks would not allow it to make films for more than \$25m.

This not only excluded New

Line from larger projects, but impeded its expansion outside the US. New Line's films were so small it could only sell them to foreign distributors on a packaged basis, rather than negotiating special international deals for promising projects, such as *The Mask*.

The Turner acquisition, which coincided with Mr Turner's purchase of Castle Rock, the independent behind *When Harry Met Sally*, addressed this problem by enabling New Line to raise capital for more ambitious projects.

New Line still looks and feels like the same, free-wheeling independent. Its baseball-capped staff are younger than the Hollywood norm. Mr Michael de Luca, head of production, is in his late 20s.

Behind the scenes New Line has been making the most of its new status as a subsidiary of the Turner group. As well as the deals with Roberts, Ryan and Black, it has paid \$7m to Carrey for *Dumb and Dumber* and signed Renny Harlin to direct *The Long Kiss Goodnight* with his wife, Geena Davis, in the lead.

Mr Lynne has formed a joint venture with Havas, the French media group, to invest \$30m in interactive entertainment over the next few years.

The company will then be able to develop its own computer game and CD-ROM formats, rather than licensing them to other companies as it has done previously.

If New Line's projects pay off, the rewards will be far higher than in the past - but so will the risks. As the chairman of a rival studio said: "New Line is hot right now. But they've taken on a lot. Let's hope Ted Turner has deep pockets. He might need them."

## Continental Airlines in venture deal

Continental Airlines of the US has signed a deal aimed at forming a joint venture involving Amadeus, the European computer reservation system, and General Motors Electronic Data Systems. Reuters reports from Houston.

The deal would involve Continental's computer reservation system unit, System One, being operated as an Amadeus National Marketing Co, the companies said.

Each company is expected to own a one-third interest in the company and the venture should be finalised during the first part of 1995. The companies said no financial or further operational details were available.

Amadeus' shareholders include Air France, Spain's Iberia and Lufthansa. The aim is to expand business and project relationships.

## Kleinwort to set up investment banking operation in Brazil

By Angus Foster in Brazil

Kleinwort Benson, the London-based merchant bank, is to set up an investment banking operation in Brazil, attracted by increasing confidence about the country's economy and privatisation prospects.

Mr Winston Fritsch, Brazil's secretary of economic policy and one of the main economists behind a new inflation taming currency, the Real, will leave the government at the end of the year to head the Kleinwort operation.

The bank plans to open two offices, in Rio de Janeiro and in the main commercial centre, São Paulo.

Mr Fritsch said the new venture would look for merger and acquisition work stemming from big changes in the economy. Lower inflation since the

Real's launch in July, and reduced tariff barriers to foreign companies to restructure and merge.

The Mercosul customs union of Brazil, Argentina, Paraguay and Uruguay which comes into force on January 1 is also leading to increased cross-border acquisitions. Mr Fritsch expects an increase in privatisation work.

Mr Fernando Henrique Cardoso, who takes over as president on January 1, is "fully committed" to privatisation of some public services, according to Mr Fritsch. "He will also be pressed into privatising other companies which can give him a return for cash," he said.

Private sector analysts agree the scope for Brazilian privatisation is enormous. Telebras, the state controlled telephone

monopoly, would be worth about \$35m if valued on the same basis as Telcel of Mexico. However, Brazil's slow legislative process suggests it will take time for big privatisations to be approved.

Kleinwort is the latest in a series of foreign financial services companies to target Brazil. Robert Fleming of London is due to open a new office next year, and France's Paribas last week announced a co-operation agreement with local bank BBA Creditanstalt.

Mr Fritsch is the first high level departure for more than a year from the team which implemented the Real currency. The other members of the team are expected to remain in place when Mr Cardoso takes over.

Mr Fritsch's replacement is expected to be announced next week.

## US airline wins further reprieve

By Richard Tomkins in New York

Trans World Airlines, the US carrier struggling to avoid a liquidity crisis, said two aircraft lessors had agreed to defer payments which were due in November, allowing the airline to save \$15m in cash and keep four Boeing 767-200 aircraft in its fleet.

It also said an informal committee of preferred stockholders had agreed a proposal for the company's financial restructuring, under which they would get three times more equity in the company than holders of the common stock.

In October, TWA announced a plan under which creditors were asked to swap \$800m of the company's \$1.8bn of debt for new equity.

## Life insurer pays \$300m for Delaware

Richard Waters in New York

Lincoln National, the US life insurance and financial services group based in Fort Wayne, Indiana, is paying about \$300m for Delaware Management Holdings, which has \$250m under management.

It will also take on \$200m of the company's debt.

The deal is a further sign of consolidation in the US investment management industry. With Delaware's \$16bn of institutional assets, and \$80m of mutual funds, the enlarged Lincoln will have a total of \$80bn under management. Delaware also manages \$2.2bn of international bond and equity assets in London.

## ADR issue for Colombian retail group

By Richard Lapper

Pricing of an American Depositary Receipts issue by Colombia's largest retailer, Gran Cadena de Almacenes Colombianos, is expected in the next few days following the completion of the company's roadshow. The issue, a private placement under the SEC's rule 144a, has been managed by Merrill Lynch, Cademaco aims to raise up to \$60m.

Four other Colombian companies have raised capital in international markets this year. Cementos Diamante raised \$51.8m in May; Carulla & Cia some \$25.5m in June; Cementos Paz del Rio \$68.1m in September and Papeles Nacionales \$25.5m in October.

## Canadian Pacific president announces sudden resignation

By Robert Gibbons in Montreal

Mr James Hankinson has resigned suddenly as president of Canadian Pacific, the rail transport, shipping, energy, hotel and property group.

He will be succeeded by Mr David O'Brien, head of the group's energy arm, PanCanadian Petroleum, next February. Mr William Skene, chairman and chief executive, said Mr Hankinson, who has been with CP for 21 years, left to "pursue other interests". He would not provide further details.

Mr O'Brien, a former executive vice-president of Petro-Canada, a big integrated oil company, came to Montreal in

1989 to head Noverco, a big Quebec energy group.

His appointment emphasises the importance of energy for the CP group's future recovery. CP owns 87 per cent of its energy arm and PanCanadian has been one of the main contributors to CP's consolidated results over the past three years.

However, when Noverco's expansion programme failed to take off, he moved to Canadian Pacific in 1990 to become president of PanCanadian.

Mr Hankinson is best known for the creation of one of the world's biggest newspaper groups, Canadian Pacific Forest Products in the early 1980s.

CP spun this off early last year and it has become Avenir, a widely held company. Unitel, a joint venture of Rogers Communications of Toronto, AT&T of the US and Canadian Pacific is losing several key executives.

Mr Richard Stursberg, executive vice-president, will become president and chief executive of the Canadian Cable Television Association on January 3.

He led Unitel in the battle to open up Canadian long distance telecommunications to competition in 1992 and will now lead the cable industry at a critical point when cable TV, telephone and computer technologies are converging.

## CONTRACTS &amp; TENDERS

COMPANHIA PARANAENSE DE ENERGIA

COPEL

COMPANHIA PARANAENSE DE ENERGIA  
USINA HIDRELÉTRICA SEGREGO  
DERIVAÇÃO DO RIO JORDÃO  
INTERNACIONAL BIDDING D-12  
ELECTROMECHANICAL ERECTION  
CALL FOR BIDS

COMPANHIA PARANAENSE DE ENERGIA - COPEL informs that an international bidding is open for erection of electromechanical equipments of River Jordão Derivation Powerplant, located at Fimão and Candi municipalities border, in the State of Paraná-Brazil.

This minimum-price type international bidding is open exclusively for individual or consortium group of companies established in ICB (Inter-American Development Bank) member countries. The financing of the terms of the present Bidding is in accordance with the terms of Loan Contract No. 593/OC/BR.

The bidding documents, as well as the Technical Specifications will be available to the candidates from December 5 on, against payment in Brazilian currency equivalent to R\$ 150,00, at the following addresses:

Superintendência das Obras de Geração  
Rua Voluntários da Pátria, 233 - sala 504  
80020-000 - Curitiba - Paraná  
Telefone (041) 322-1212 - Ramal 541

or  
Escritório COPEL, São Paulo  
Alameda Santos, 1800 - 14º andar - conj. 148  
01418-200 - São Paulo - SP  
Telefone (011) 288-1431

At the time of purchase of the Bidding Instructions, the company shall present a letter containing complete mailing address.

The bid delivery will be on January 19, 1995, at 3:00 PM, at Rua Voluntários da Pátria nº 233, 5th floor, Curitiba-PR.

The bidding will be ruled by Law nº 8668, dated June 21, 1993 and by further conditions herein stated and also in the Contract Documents.

eng. JOÃO CARLOS CASCAES  
Diretor Presidente

GOVERNO DO ESTADO DO PARANÁ

## COMMERCIAL POLICY GUIDE and PERSONAL POLICY GUIDE

PERSONAL POLICY GUIDE and COMMERCIAL

POLICY GUIDE provide subscribers with clear, comparative summaries of the different types of cover available in all of the important personal non-life and commercial markets, analysed by class of business.

Key Features include:

- a summary of the variations between policies in each sector
- a "side by side" comparison of covers so that differences can be identified at a glance
- information on special underwriting criteria or preferences
- news of marketing strategies and new products.

The Guides will provide essential assistance in identifying the most appropriate cover as well as giving a valuable background of information for negotiations with insurers.

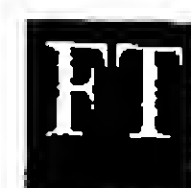
Return to: COMMERCIAL/PERSONAL POLICY GUIDE  
FT Newsletters, P.O. Box 3451, London SW12 8PH  
Tel: 01 673 6656 Fax: 01 673 1335  
Please send me a FREE sample copy of:

☐ Commercial Policy Guide ☐ Personal Policy Guide

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Post code \_\_\_\_\_ Country \_\_\_\_\_  
Tel \_\_\_\_\_ Fax \_\_\_\_\_

## FREE SAMPLE BOOKLET

Simply complete the order form below, or attach your business card and we will send you a free booklet-sized sample of each guide completely free of charge.



FINANCIAL TIMES  
Newsletters

F.T. Business Enterprises Ltd. Registered Office: Number One Southway Bridge, London, SE1 9HL. Registered in England No 082896

## BUSINESSES FOR SALE

Appear in the Financial Times  
on Tuesdays, Fridays and Saturdays.

For further information or to advertise  
in this section please contact

Karl Loynton on 071 873 4780 or  
Lesley Sumner on 071 873 3308



FINANCIAL TIMES

## THE ROYAL BANK OF CANADA

U.S. \$300,000,000 Floating Rate  
Debenture Notes due 2005

NOTICE IS HEREBY GIVEN that for the interest period commencing on 15th December 1994, the Notes will bear interest at the rate of 8.25% per annum. The interest payable on 15th March, 1995 against Coupon No. 36 will be U.S. \$18,562.50 per U.S. \$1,000 nominal.

Agent Bank

ROYAL BANK OF CANADA  
EUROPE LIMITED



Sovereign (Forex) Ltd.  
24hr Foreign Exchange  
Margin Trading Facility  
Competitive Prices  
Daily Fax Service  
Tel: 071-931 9188  
Fax: 071-931 7114  
42a Redgrave Road  
London SW1W 0SE

## Signal

- 130+ software applications
- RT DATA FROM \$10 A DAY
- Signal SOFTWARE GUIDE

Call London 020 44 44 44 (0) 71 231 3556  
for your guide and Signal price list.

## Petroleum Argus Oil Market Guides

Comprehensive explanations of the oil markets

## Petroleum Argus

CALL NOW for further details (04 731) 355 8732

## CONTRACTS &amp; TENDERS



## ÇUKUROVA ELEKTRİK A.Ş.

PROCUREMENT NOTICE

ÇUKUROVA ELEKTRİK A.Ş. intends to procure below Electrical Materials for the construction and extension works of its substations:

SCH.1 - 1000 Tons 477 MCM HAWK Aluminium Conductors Steel Reinforced

SCH.2 - CONDUCTOR HARDWARE FOR 477 MCM ACSR

- 7138 ea. Vibration Dampers - 764 ea. Conductor Joints

- 2848 ea. Dead End Clamps - 132 ea. Repair Sleeves

SCH.3 - INSULATOR HARDWARE FOR 477 MCM ACSR

- 2244 ea. Single Suspension Sets - 862 ea. Angle (single) Tension Sets

- 1505 ea. Double Suspension Sets - 454 ea. Double Tension Sets

- 917 ea. Single Tension Sets - 482 ea. Angle (double) Tension Sets

Each Bidder may submit a bid for any schedule or for a combination of schedules.

This procurement shall be financed by the company resources and the Bidding shall be made according to the company's Bidding procedures.

This Bidding is open to all Bidders who comply with below prerequisite for eligibility:

- Bidders who have been regularly engaged in the design and manufacture of above specified materials for a continuous period of five years, prior to the date of Bid submission.

A complete set of bidding documents may be obtained upon remittance of a non-refundable document fee of 250 USD to below Bank Accounts and upon a written application to below address with evidence of payment:

Çukurova Elektrik A.Ş. General Management

Seyhan Barajı, P.O. Box 238 01322 Adana

Phone: 322-2350881 Telefax: 322-2350257

Adebank - Adana Branch: 2000 0013

İmar Bankası - Adana Branch: 2000 2548

All Bids must be delivered to the above offices on or before 10:00 hours local time, on JANUARY 10, 1995 and shall be opened at above offices of General Management in the presence of those Bidders who choose to attend, on the same day at 11:00 hours.

It is essential that the Bidders be in conformity with the prerequisite for eligibility and the Bids shall be submitted in full conformity with the Bidding Documents. Other Bids shall be rejected.

CEAS reserves the right to accept or to reject any Bid and annual Bidding process and reject all Bids, at any time prior to award Contract without incurring any liability the affected Bidders or any obligation to inform the affected Bidders of the grounds for CEAS's action.

GENERAL MANAGEMENT

السجل من الأصل



## INTERNATIONAL CAPITAL MARKETS

## Further flattening of US Treasury yield curve

By Lisa Branstetter in New York and Martin Brice in London

The yield curve flattened further yesterday as the long end of the US Treasury market outperformed the short end in the wake of mixed economic news.

At midday, the benchmark 30-year government bond was up 1/8 at 9 1/8, yielding 7.865 per cent. At the short end of the market, the two-year note was down 1/8 at 7 1/2, yielding 7.666 per cent.

Economic data released early in the morning offered differing signals about the strength of the economy, but the flatness of the curve depicting the relation between yields on two-year and 30-year bonds seemed to indicate that the market was preparing for another round of tightening by the Federal Reserve. With the spread hovering near 20 basis points, the yield curve was as flat as it has been in more than four years.

The yield curve, a graphical representation of the maturities on bonds of different maturities, is taken as an indicator of market sentiment about the economy.

A flattening curve indicates that the market is expecting the economy to slow. The curve has been markedly flatter since the Fed raised interest rates by 75 basis point in November.

The producer price index grew by 0.5 per cent in November, marking the reversal of two months of decline, but was generally in line with economists' forecasts.

Less expected was the slowing growth of the core index - PPI excluding volatile food and energy prices. Core prices rose by 0.1 per cent last month, below the expected 0.5 per cent increase.

Still, the figures continued to show inflationary pressures at the early stages in the production cycle.

The intermediate goods sub-index showed a 1.1 per cent increase in November, the largest jump since October 1990. Another signal of potential inflation came from much stronger than expected retail sales figures.

Figures released by the Commerce Department showed

sales up 1.2 per cent last month, whereas economists had predicted an increase of 0.5 per cent. A sub-index showing the sale of durable goods was also strong.

■ UK gilts slipped on weak sentiment from the US, and were largely unaffected by the US Treasury which showed that in November a balance of 6 per cent of retailers were reporting increased sales from a year ago.

The balance of retailers reporting an annual price increase was 13 per cent, the weakest since the survey began in 1983.

Mr Michael Saunders at Salomon Brothers said: "The market didn't move at all when the figures came out, and it might be that the market has under-rated the significance of the survey."

He said the CBI survey suggested UK retail sales figures due to be released tomorrow would be weak. He said: "It's that the market might take it quite well."

Mr Saunders said: "The signs are that a similar round of price cutting and prolonged sales may be under way now, helping to keep inflation low in coming months."

Mr Tom Cullen at Technical Data said: "The major emphasis now is on Thursday's by-election, where the government is expected to suffer a spectacular defeat."

"This will set the tone for heightened political concerns in 1995, which in turn will bring pressure to bear on gilts and sterling."

The December long gilt future was down 1/8 to trade around 101 1/8. The yield spread over bonds moved from 123 to around 126.

■ German government bonds were hit by the poor sentiment in the US, but found some support and recovered ground. The March bond future contract rose 1/8 to 101 1/8 on the day to 88.70.

The retail sales figures for October were released, and Mr Julian Jessop at HSBC Markets said they were "a timely reminder of weakness in the personal sector".

The figures showed a decline of 2 per cent month-on-month, and Mr Jessop said the personal sector had yet to face a 7.5 per cent increase in income taxes, known as the "solidarity

surcharge," which would further weaken spending.

■ Italian government bonds edged down on domestic political worries as Mr Silvio Berlusconi, prime minister, met magistrates investigating corruption, and the March bond future contract on Liffe ended at 98 1/8, down 0.13.

Mr Pio De Gregorio at NatWest Markets said: "A government crisis is now looming, and it is very likely that it will come in the new year. This is already in the price in bonds, equities and the currency. It is unlikely that the market will recover until there is a clarification of the political outlook."

He said it was likely that the budget would be passed, possibly before the end of the year, but said: "What will happen afterwards is unclear." He added that the outlook for the economy was positive, with wage inflation at 1.8 per cent in the year to October.

## Outstandings in OTC contracts top \$30,000bn

By Richard Lapper

The total value of outstandings in the over-the-counter derivatives market seem likely to exceed \$30,000bn by the end of this year, according to Swaps Monitor, the specialist New York-based publication.

The figures imply 1994 growth of at least 20 per cent. Swaps Monitor estimates that the global market in interest

Overall these figures imply that the gross replacement cost of the global OTC derivatives market was approximately \$300bn as of the end of 1993.

The survey says, however, that the true exposure is lower than these amounts because most counterparties have master agreements in place which permit netting.

The survey also indicates that there is a high degree of concentration in the OTC market with a few large players controlling large chunks of business.

In the interest rate swaps area, for example, five banks - Citicorp, Bank J. F. Morgan, Societe Generale, Paribas, and Bankers Trust - account for a combined market share of 30 per cent.

Ten banks control 47 per cent of the same market. J.P. Morgan, Paribas, Bankers Trust, Swiss Bank and Deutsche Bank are the biggest players in the currency swap market, accounting for 28 per cent of total outstandings.

Swaps Monitor points out that the numbers understate slightly the degree of concentration because certain firms that would be large enough to top 10 do not disclose their outstandings and are therefore excluded from the table.

\* The World's Major Derivatives Dealers: Swaps Monitor Publications, Inc. 648 Broadway, Suite 705, New York, NY 10012 Telephone (212) 254 9500

## DERIVATIVE INSTRUMENTS

rates swaps - one of the most popular derivatives contracts - will be more than \$12,000bn compared with \$8,500bn in 1993 and \$6,000bn in 1992.

The publication's annual review of the derivatives industry, which is based on a detailed breakdown of figures for 1993.

The survey shows that the outstanding value of OTC contracts increased by 20 per cent last year to reach \$28,500bn. Foreign exchange forward contracts - the biggest single class of business - increased to \$9,500bn from \$8,400bn.

The outstanding value of two other classes of OTC contract - forward rate agreements and interest rate options - also rose, to \$3,500bn from \$3,300bn and to \$3,000bn from \$1,200bn, respectively.

The survey also shows that the average gross replacement cost for swaps rose from 1.15 per cent of notional value for currency forwards to 1.3 per cent for interest rate contracts, 1.59 per cent for OTC exchange rate contracts, 2.88 per cent for interest rate swaps and 5.97 per cent for currency swaps.

## Argentina returns to yen sector with three-year issue

By Graham Bowley

A dull day in the eurobond market yesterday was brightened by a flurry of structured offerings and the appearance of a number of sovereign borrowers.

The Republic of Argentina launched a \$200m issue of three-year bonds with a 6 per cent coupon, the country's second foray into the yen market. The Republic launched a debut \$10.5bn offering of four-year bonds via Daiwa at the end of November.

The bonds for the latest issue were all pre-placed with Japanese financial institutions and corporate investors, lead manager Nomura said.

Traders said that Argentina was still set to make its debut in the French franc market this week, with a \$250m issue of three-year bonds.

HSBC Markets launched a \$272m offering of two-year floating-rate notes on behalf of a special-purpose vehicle backed by direct obligations of the Kingdom of Saudi Arabia.

The bonds offered a coupon of 15 basis points over three-month Libor but a discounted margin of 26 basis points over Libor, HSBC said.

The offering met with significant interest from investors in the Gulf, Europe and the Far East, the lead manager said.

They are already looking to January, a traditionally busy month, when they expect activity to accelerate but don't think there will be a marked improvement in market conditions from this year.

"But there will still be a rush of sovereign borrowers trying

to get ahead of the pack," said one trader.

Meanwhile, however, Pakistan is rumoured to be set to make its long-awaited euro-market debut this week, with a \$200m five-year transaction.

Traders said the offering, which could come as early as today, is likely to have a spread of around 350 to 400 basis points over US Treasury. Last night, lead man-

## NEW INTERNATIONAL BOND ISSUES

Borrower	Amount	Coupon	Price	Maturity	Face	Spread	Book runner
US DOLLARS							
Salomon Finance Cayman (P) Ltd	370	6 1/8	100.00	Dec 2004	undf.	-	Salomon Finance Int.
Salomon Finance Cayman (P) Ltd	130	6 1/8	100.00	Dec 2004	undf.	-	Salomon Finance Int.
SANOFI Home (P) Ltd	272	6 1/8	99.50	Dec 1998	undf.	-	HSBC Markets
YEN							
Republic of Argentina	200	6.00	100.00	Dec 1997	undf.	-	Nomura International
AUSTRALIAN DOLLARS							
Treasury Corp of Victoria (P)	100	5.00	92.425	Dec 1998	1,125	-	Nikko Europe

First terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. All figures are in millions of dollars. 1/8 = 0.125, 1/4 = 0.25, 3/8 = 0.375, 1/2 = 0.5, 3/4 = 0.75, 1 = 1.0, 1 1/4 = 1.25, 1 1/2 = 1.5, 1 3/4 = 1.75, 2 = 2.0, 2 1/4 = 2.25, 2 1/2 = 2.5, 2 3/4 = 2.75, 3 = 3.0, 3 1/4 = 3.25, 3 1/2 = 3.5, 3 3/4 = 3.75, 4 = 4.0, 4 1/4 = 4.25, 4 1/2 = 4.5, 4 3/4 = 4.75, 5 = 5.0, 5 1/4 = 5.25, 5 1/2 = 5.5, 5 3/4 = 5.75, 6 = 6.0, 6 1/4 = 6.25, 6 1/2 = 6.5, 6 3/4 = 6.75, 7 = 7.0, 7 1/4 = 7.25, 7 1/2 = 7.5, 7 3/4 = 7.75, 8 = 8.0, 8 1/4 = 8.25, 8 1/2 = 8.5, 8 3/4 = 8.75, 9 = 9.0, 9 1/4 = 9.25, 9 1/2 = 9.5, 9 3/4 = 9.75, 10 = 10.0, 10 1/4 = 10.25, 10 1/2 = 10.5, 10 3/4 = 10.75, 11 = 11.0, 11 1/4 = 11.25, 11 1/2 = 11.5, 11 3/4 = 11.75, 12 = 12.0, 12 1/4 = 12.25, 12 1/2 = 12.5, 12 3/4 = 12.75, 13 = 13.0, 13 1/4 = 13.25, 13 1/2 = 13.5, 13 3/4 = 13.75, 14 = 14.0, 14 1/4 = 14.25, 14 1/2 = 14.5, 14 3/4 = 14.75, 15 = 15.0, 15 1/4 = 15.25, 15 1/2 = 15.5, 15 3/4 = 15.75, 16 = 16.0, 16 1/4 = 16.25, 16 1/2 = 16.5, 16 3/4 = 16.75, 17 = 17.0, 17 1/4 = 17.25, 17 1/2 = 17.5, 17 3/4 = 17.75, 18 = 18.0, 18 1/4 = 18.25, 18 1/2 = 18.5, 18 3/4 = 18.75, 19 = 19.0, 19 1/4 = 19.25, 19 1/2 = 19.5, 19 3/4 = 19.75, 20 = 20.0, 20 1/4 = 20.25, 20 1/2 = 20.5, 20 3/4 = 20.75, 21 = 21.0, 21 1/4 = 21.25, 21 1/2 = 21.5, 21 3/4 = 21.75, 22 = 22.0, 22 1/4 = 22.25, 22 1/2 = 22.5, 22 3/4 = 22.75, 23 = 23.0, 23 1/4 = 23.25, 23 1/2 = 23.5, 23 3/4 = 23.75, 24 = 24.0, 24 1/4 = 24.25, 24 1/2 = 24.5, 24 3/4 = 24.75, 25 = 25.0, 25 1/4 = 25.25, 25 1/2 = 25.5, 25 3/4 = 25.75, 26 = 26.0, 26 1/4 = 26.25, 26 1/2 = 26.5, 26 3/4 = 26.75, 27 = 27.0, 27 1/4 = 27.25, 27 1/2 = 27.5, 27 3/4 = 27.75, 28 = 28.0, 28 1/4 = 28.25, 28 1/2 = 28.5, 28 3/4 = 28.75, 29 = 29.0, 29 1/4 = 29.25, 29 1/2 = 29.5, 29 3/4 = 29.75, 30 = 30.0, 30 1/4 = 30.25, 30 1/2 = 30.5, 30 3/4 = 30.75, 31 = 31.0, 31 1/4 = 31.25, 31 1/2 = 31.5, 31 3/4 = 31.75, 32 = 32.0, 32 1/4 = 32.25, 32 1/2 = 32.5, 32 3/4 = 32.75, 33 = 33.0, 33 1/4 = 33.25, 33 1/2 = 33.5, 33 3/4 = 33.75, 34 = 34.0, 34 1/4 = 34.25, 34 1/2 = 34.5, 34 3/4 = 34.75, 35 = 35.0, 35 1/4 = 35.25, 35 1/2 = 35.5, 35 3/4 = 35.75, 36 = 36.0, 36 1/4 = 36.25, 36 1/2 = 36.5, 36 3/4 = 36.75, 37 = 37.0, 37 1/4 = 37.25, 37 1/2 = 37.5, 37 3/4 = 37.75, 38 = 38.0, 38 1/4 = 38.25, 38 1/2 = 38.5, 38 3/4 = 38.75, 39 = 39.0, 39 1/4 = 39.25, 39 1/2 = 39.5, 39 3/4 = 39.75, 40 = 40.0, 40 1/4 = 40.25, 40 1/2 = 40.5, 40 3/4 = 40.75, 41 = 41.0, 41 1/4 = 41.25, 41 1/2 = 41.5, 41 3/4 = 41.75, 42 = 42.0, 42 1/4 = 42.25, 42 1/2 = 42.5, 42 3/4 = 42.75, 43 = 43.0, 43 1/4 = 43.25, 43 1/2 = 43.5, 43 3/4 = 43.75, 44 = 44.0, 44 1/4 = 44.25, 44 1/2 = 44.5, 44 3/4 = 44.75, 45 = 45.0, 45 1/4 = 45.25, 45 1/2 = 45.5, 45 3/4 = 45.75, 46 = 46.0, 46 1/4 = 46.25, 46 1/2 = 46.5, 46 3/4 = 46.75, 47 = 47.0, 47 1/4 = 47.25, 47 1/2 = 47.5, 47 3/4 = 47.75, 48 = 48.0, 48 1/4 = 48.25, 48 1/2 = 48.5, 48 3/4 = 48.75, 49 = 49.0, 49 1/4 = 49.25, 49 1/2 = 49.5, 49 3/4 = 49.75, 50 = 50.0, 50 1/4 = 50.25, 50 1/2 = 50.5, 50 3/4 = 50.75, 51 = 51.0, 51 1/4 = 51.25, 51 1/2 = 51.5, 51 3/4 = 51.75, 52 = 52.0, 52 1/4 = 52.25, 52 1/2 = 52.5, 52 3/4 = 52.75, 53 = 53.0, 53 1/4 = 53.25, 53 1/2 = 53.5, 53 3/4 = 53.75, 54 = 54.0, 54 1/4 = 54.25, 54 1/2 = 54.5, 54 3/4 = 54.75, 55 = 55.0, 55 1/4 = 55.25, 55 1/2 = 55.5, 55 3/4 = 55.75, 56 = 56.0, 56 1/4 = 56.25, 56 1/2 = 56.5, 56 3/4 = 56.75, 57 = 57.0, 57 1/4 = 57.25, 57 1/2 = 57.5, 57 3/4 = 57.75, 58 = 58.0, 58 1/4 = 58.25, 58 1/2 = 58.5, 58 3/4 = 58.75, 59 = 59.0, 59 1/4 = 59.25, 59 1/2 = 59.5, 59 3/4 = 59.75, 60 = 60.0, 60 1/4 = 60.25, 60 1/2 = 60.5, 60 3/4 = 60.75, 61 = 61.0, 61 1/4 = 61.25, 61 1/2 = 61.5, 61 3/4 = 61.75, 62 = 62.0, 62 1/4 = 62.25, 62 1/2 = 62.5, 62 3/4 = 62.75, 63 = 63.0, 63 1/4 = 63.25, 63 1/2 = 63.5, 63 3/4 = 63.75, 64 = 64.0, 64 1/4 = 64.25, 64 1/2 = 64.5, 64 3/4 = 64.75, 65 = 65.0, 65 1/4 = 65.25, 65 1/2 = 65.5, 65 3/4 = 65.75, 66 = 66.0, 66 1/4 = 66.25, 66 1/2 = 66.5, 66 3/4 = 66.75, 67 = 67.0, 67 1/4 = 67.25, 67 1/2 = 67.5, 67 3/4 = 67.75, 68 = 68.0, 68 1/4 = 68.25, 68 1/2 = 68.5, 68 3/4 = 68.75, 69 = 69.0, 69 1/4 = 69.25, 69 1/2 = 69.5, 69 3/4 = 69.75, 70 = 70.0, 70 1/4 = 70.25, 70 1/2 = 70.5, 70 3/4 = 70.75, 71 = 71.0, 71 1/4 = 71.25, 71 1/2 = 71.5, 71 3/4 = 71.75, 72 = 72.0, 72 1/4 = 72.25, 72 1/2 = 72.5, 72 3/4 = 72.75, 73 = 73.0, 73 1/4 = 73.25, 73 1/2 = 73.5, 73 3/4 = 73.75, 74 = 74.0, 74 1/4 = 74.25, 74 1/2 = 74.5, 74 3/4 = 74.75, 75 = 75.0, 75 1/4 = 75.25, 75 1/2 = 75.5, 75 3/4 = 75.75, 76 = 76.0, 76 1/4 = 76.25, 76 1/2 = 76.5, 76 3/4 = 76.75, 77 = 77.0, 77 1/4 = 77.25, 77 1/2 = 77.5, 77 3/4 = 77.75, 78 = 78.0, 78 1/4 = 78.25, 78 1/2 = 78.5, 78 3/4 = 78.75, 79 = 79.0, 79 1/4 = 79.25, 79 1/2 = 79.5, 79 3/4 = 79.75, 80 = 80.0, 80 1/4 = 80.25, 80 1/2 = 80.5, 80 3/4 = 80.75, 81 = 81.0, 81 1/4 = 81.25, 81 1/2 = 81.5, 81 3/4 = 81.75, 82 = 82.0, 82 1/4 = 82.25, 82 1/2 = 82.5, 82 3/4 = 82.75, 83 = 83.0, 83 1/4 = 83.25, 83 1/2 = 83.5, 83 3/4 = 83.75, 84 = 84.0, 84 1/4 = 84.25, 84 1/2 = 84.5, 84 3/4 = 84.75, 85 = 85.0, 85 1/4 = 85.25, 85 1/2 = 85.5, 85 3/4 = 85.75, 86 = 86.0, 86 1/4 = 86.25, 86 1/2 = 86.5, 86 3/4 = 86.75, 87 = 87.0, 87 1/4 = 87.25, 87 1/2 = 87.5, 87 3/4 = 87.75, 88 = 88.0, 88 1/4 = 88.25, 88 1/2 = 88.5, 88 3/4 = 88.75, 89 = 89.0, 89 1/4 = 89.25, 89 1/2 = 89.5, 89 3/4 = 89.75, 90 = 90.0, 90 1/4 = 90.25, 90 1/2 = 90.5, 90 3/4 = 90.75, 91 = 91.0, 91 1/4 = 91.25, 91 1/2 = 91.5, 91 3/4 = 91.75, 92 = 92.0, 92 1/4 = 92.25, 92 1/2 = 92.5, 92 3/4 = 92.75, 93 = 93.0, 93 1/4 = 93.25, 93 1/2 = 93.5, 93 3/4 = 93.75, 94 = 94.0, 94 1/4 = 94.25, 94 1/2 = 94.5, 94 3/4 = 94.75, 95 = 95.0, 95 1/4 = 95.25, 95 1/2 = 95.5, 95 3/4 = 95.75, 96 = 96.0, 96 1/4 = 96.25, 96 1/2 = 96.5, 96 3/4 = 96.75, 97 = 97.0, 97 1/4 = 97.25, 97 1/2 = 97.5, 97 3/4 = 97.75, 98 = 98.0, 98 1/4 = 98.25, 98 1/2 = 98.5, 98 3/4 = 98.75, 99 = 99.0, 99 1/4 = 99.25, 99 1/2 = 99.5, 99 3/4 = 99.75, 100 = 100.0, 100 1/4 = 100.25, 100 1/2 = 100.5, 100 3/4 = 100.75, 101 = 101.0, 101 1/4 = 101.25, 101 1/2 = 101.5, 101 3/4 = 101.75, 102 = 102.0, 102 1/4 = 102.25, 102 1/2 = 102.5, 102 3/4 = 102.75, 103 = 103.0, 103 1/4 = 103.25, 103 1/2 = 103.5, 103 3/4 = 103.75, 104 = 104.0, 104 1/4 = 104.25, 104 1/2 = 104.5, 104 3/4 = 104.75, 105 = 105.0, 105 1/4 = 105.25, 105 1/2 = 105.5, 105 3/4 = 105.75, 106 = 106.0, 106 1/4 = 106.25, 106 1/2 = 106.5, 106 3/4 = 106.75, 107 = 107.0, 107 1/4 = 107.25, 107 1/2 = 107.5, 107 3/4 = 107.75, 108 = 108.0, 108 1/4 = 108.25, 108 1/2 = 108.5, 108 3/4 = 108.75, 109 = 109.0, 109 1/4 = 109.25, 109 1/2 = 109.5, 109 3/4 = 109.75, 110 = 110.0, 110 1/4 = 110.25, 110 1/2 = 110.5, 110 3/4 = 110.75, 111 = 111.0, 111 1/4 = 111.25, 111 1/2 = 111.5, 111 3/4 = 111.75, 112 = 112.0, 112 1/4 = 112.25, 112 1/2 = 112.5, 112 3/4 = 112.75, 113 = 113.0, 113 1/4 = 113.25, 113 1/2 = 113.5, 113 3/4 = 113.75, 114 = 114.0, 114 1/4 = 114.25, 114 1/2 = 114.5, 114 3/4 = 114.75, 115 = 115.0, 115 1/4 = 115.25, 115 1/2 = 115.5, 115 3/4 = 115.75, 116 = 116.0, 116 1/4 = 116.25, 116 1/2 = 116.5, 116 3/4 = 116.75, 117 = 117.0, 117 1/4 = 117.25, 117 1/2 = 117.5, 117 3/4 = 117.75, 118 = 118.0, 118 1/4 = 118.25, 118 1/2 = 118.5, 118 3/4 = 118.75, 119 = 119.0, 119 1/4 = 119.25, 119 1/2 = 119.5, 119 3/4 = 119.75, 120 = 120.0, 120 1/4 = 120.25, 120 1/2 = 120.5, 120 3/4 = 120.75, 121 = 121.0, 121 1/4 = 121.25, 121 1/2 = 121.5, 121 3/4 = 121.75, 122 = 122.0, 122 1/4 = 122.25, 122 1/2 = 122.5, 122 3/4 = 122.75, 123 = 123.0, 123 1/4 = 123.25, 123 1/2 = 123.5, 123 3/4 = 123.75, 124 = 124.0, 124 1/4 = 124.25, 124 1/2 = 124.5, 124 3/4 = 124.75, 125 = 125.0, 125 1/4 = 125.25, 125 1/2 = 125.5, 125 3/4 = 125.75, 126 = 126.0, 126 1/4 = 126.25, 126 1/2 = 126.5, 126 3/4 = 126.75, 127 = 127.0, 127 1/4 = 127.25, 127 1/2 = 127.5, 127 3/4 = 127.75, 128 = 128.0, 128 1/4 = 128.25, 128 1/2 = 128.5, 128 3/4 = 128.75, 129 = 129.0, 129 1/4 = 129.25, 129 1/2 = 129.5, 129 3/4 = 129.75, 130 = 130.0, 130 1/4 = 130.25, 130 1/2 = 130.5, 130 3/4 = 130.75, 131 = 131.0, 131 1/4 = 131.25, 131 1/2 = 131.5, 131 3/4 = 131.75, 132 = 132.0, 132 1/4 = 132.25, 132 1/2 = 132.5, 132 3/4 = 132.75, 133 = 133.0, 133 1/4 = 133

## Southern Electric shows 20% advance to £107m

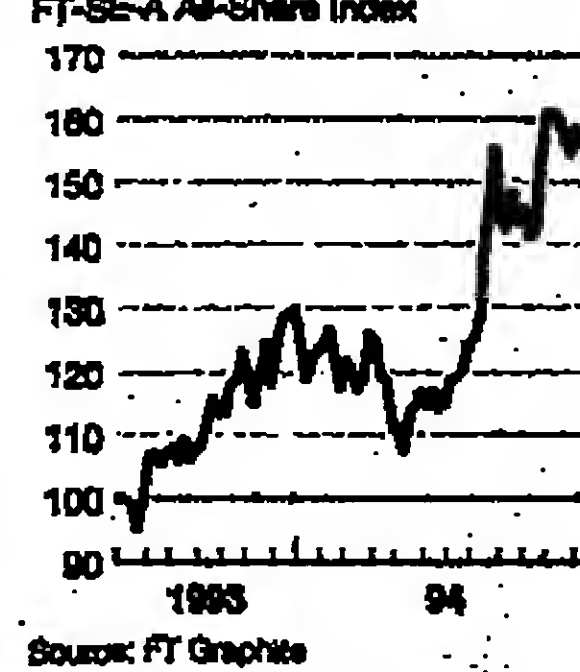
additions to our business." Last month Mr David Arculus, managing director, made it clear he regarded the Macedonian titles as a "bolt-on" to the existing business titles.

The latest deal is part of Emap's determination to expand in continental Europe.

"Within the space of six months we have firmly established ourselves first in France and now in Germany with smaller operations in a number of other European countries," Mr Miller said.

Last month, Emap reported pre-tax profits up 34 per cent to £22.2m for the six months to the beginning of October on turnover up 38 per cent at £232.2m.

Southern has already announced a price freeze and rebates which it said yesterday would bring total savings passed on to customers since privatisation to £112m.



● **COMMENT**  
Insofar as the market was able to concentrate amid the bidirectional price swings, it was seen as a solid set of figures, confirming Southern's position as one of the sector's soundest, if not most conservative, members. The relatively low dividend increase is caused partly by Southern's decision not to buy back shares, but also by the tax uncertainties of the National Grid sale are out of the way. The shares yielded about the sector average, which suggests that Southern's performance inspires respect if not admiration. The recent appointment of a managing director yesterday with specific responsibility to find a replacement for Grid earnings also suggests welcome long-sighted-

## Halma extends growth record

With land prices rising strongly this year and building costs also increasing, Mr Fidgeley said that margins had come under pressure, although the group had managed to increase profitability through its large landbank and by responding to changes in customers' specifications. "You cannot afford to be an inefficient building group in this market," he said.

Turnover rose by 14 per cent to £70.6m thanks largely to strong overseas sales which rose to 58 per cent of the total. Halma's direct exports, which have grown strongly over the past two years, rose 22 per cent to £22m.

5 per cent to £29.7m. US profits rose 30 per cent to £2.59m while the rest of the world doubled to £1.01m.

British Land, the property investment company which last month unexpectedly announced a joint venture with Mr George Soros's Quantum Fund, reported a 11 per cent increase in interim pre-tax profits to £17.9m.

Mr John Rithlat, chairman, said the company would remain an active buyer despite the £142m cost of buying out Quantum from the joint venture which was set up in June 1993 and was expected to last for 10 years.

The deal gave British Land full ownership of the joint venture's £591m property portfolio. In addition, it has spent £190m on acquisitions since its March year end, when the portfolio was valued at £23.2m.

The main purchases in the period were 73,000 sq ft of offices and shops at 274 Baker Street, central London, and 12,000 sq ft of retail warehouses in Oxford.

Mr Rithlat said British Land had committed bank facilities and cash of £483m after the

**Quantum deal** Interest charges were covered 17 times by earnings during the period, he added.

British Land is known to be interested in acquiring the Broadgate office development in the City of London.

At £24.65 per share in Stanhope, the developer which owns half of Broadgate and is in last-ditch remaining negotiations with its banks.

Boosted by acquisitions and reviews, net rental income for the year to September 30 amounted to £86.3m up from £58.1m.

After interest charges of £43.9m (£40.8m) revenues profits, excluding capital items, increased by 30 per cent to £22.7m.

Capital items included a loss on realised exchange move-

ments of £1.1m (£1.4m) and the \$47.7m one-off cost of redeeming the £1.1m of bonds secured on properties which were acquired in 1982.

Mr John Weston Smith, finance director, said the company had decided to redeem the bonds early because they carried restrictive covenants.

British Land's share of the Quantum joint venture contributed \$3.2m to net rental income and \$2.1m to pre-tax income of £1m. The company also received fees for managing the joint venture which were included in other income of £1.2m (£900,000).

Earnings per share fell from 2.5p to 2.1p, or from 3.5p to 3.6p.

The interim dividend is lifted 8 pence cent to 2.64p.

Under a scheme introduced two years ago the executive directors received bonuses totalling £2.49m, of which £1.45m related to directors whose services are performed mainly outside the UK.

The previous year, when profits were depressed by the recession and the coal dispute at Peabody, the total bonus was £266,000 of which £218,000 related to US directors.

Lord Hanson is not included in this scheme.

The regular salary bill for the executive directors rose 7 per cent to £7.26m with total directors' emoluments up by a quarter to £11.4m.

He added that land prices were now beginning to ease off, although they still remained "fairly healthy high". The group's landbank was steady during the period and now stood at 5,000 units. The group also maintained a net cash balance, with £10m in the bank.

Turnover advanced 24 per cent to £128.7m (£103.9m). Earnings per share rose 40 per cent to 15.4p (11p) and the interim dividend is raised from 1.5p to 2.1p.

Berkley has also been pursuing developments in the commercial property market through two joint venture companies as well as its own division.

The interim dividend of 1.12p (0.933p) is up 20 per cent, a rate of increase the group has maintained since 1979. Earnings per share rose 23 per cent to 4.3p.

Mr David Barber, chairman, said the group had benefited from strong markets in America and Asia and had seen indications of some recovery in certain of its European markets. But the UK had shown little sign of growth.

"The UK was relatively flat and it feels pretty much the same in the second half."

## First Technology jumps to £2.8m

Mr Rooney had agreed with Spring Ram's management that any sale would be conducted through the brokers to ensure an orderly market. It is understood the shares have been placed with a range of institutions.

Mr Rooney and associated family trusts sold 15m shares, representing 3.3 per cent of the company, at a price believed to have been 42p each against last night's close of 48½p, down 7½p.

The sale leaves the Rooney family with 44.4m shares, or 10.2 per cent of Spring Ram.

The company's largest shareholder is now Prudential, with just over 11 per cent.

Mr Rooney was forced off the Spring Ram board by institutional investors 14 months ago following revelations of false accounting at its Balterley Bathrooms subsidiary and three profits warnings in eight months. Before this, the group had enjoyed 13 years of rapid growth.

**See Market Report**

**Triplex I**, the engineering group, returned to profit at the interim stage, after a lapse into the red during the second half of the previous year. It also announced that it had put its engineering division on the market, writes Paul Cheesebright.

Pre-tax profits for the six months to September 30 amounted to £2.55m, against £1.45m in the first half of last year and an annual loss of £2.91m.

The recovery comes on the back of swelling order books for its power and automotive divisions. Orders for the group

totalled \$67.5m at the end of the first half compared with \$66.5m last time. The recovery is likely to accelerate in the second half as increased property profits become available. The engineering division contributed £15.4m to turnover from continuing operations of \$84.7m (\$87.5m). "We've cut all the losses out and the division is for sale," Mr Colin Cooke, chairman said, adding that there were "some interested parties". The interim dividend is maintained at 2.5p, just covered by earnings per share of 2.8p (1.9p).

Shares in First Technology rose 34p to 364p yesterday as the company, which supplies sensors and crash test dummies to the car industry, announced a 60 per cent rise in pre-tax profits and a sharper rise in the interim dividend from 1p to 2.8p.

Profits advanced to £2.82m (£1.76m) on turnover which was flat at £16.4m (£16.1m) as a four-year contract to supply Cadillac with accelerometers came to an expected end. That business is to be replaced as work for Fiat and PSA Group comes on stream.

Earnings per share emerged at 11.77p (7.36p).

		Current payment	Date of payment	Corres- ponding dividend	Total for year	Total last year
Berkley .....	int	2.1	Feb 14	1.9	-	7
Bogot A .....	int	0.2	Feb 8	-0.2	-	0.7
British Land .....	int	2.24	Feb 24	2.45	-	7.53
Deane Smiler .....	int	6	Jan 7	-	-	9
Dunelm Wille .....	fin	7.1	Jan 25	7.1	9.5	9.5
Eurocity .....	fin	1.4	Apr 5	1.2	2	1.7
Farwest Bouch .....	int	16.5	Mar 1	6.92	15.5	10.5
First Technology .....	int	2.8	Mar 8	1	-	3.5
Goldborough .....	int	2.3	-	-	23.1	-
Greenalls .....	int	7.77	Feb 24	7.28	13.1	12.98
Hartley .....	int	1.24	Feb 23	0.933	-	2.373
Inspirations .....	int	2.24	Feb 24	-	-	-
Kleeneze .....	fin	1.5	Apr 6	1	1.5	1
Novo .....	int	0.11	Feb 23	-	-	0.1
Shelf S .....	int	4	Feb 14	2.5	5.75	3.75
Smit (David S) .....	int	4.25	Mar 13	2.75	-	10.75
Southern Elect .....	int	8.3	Feb 24	6.7	-	22.7
Thing Int .....	int	1.45	Jan 17	-	-	-
Tricler Lloyd .....	int	2.5	Feb 24	2.5	-	7
Vaux .....	fin	6.5	Feb 8	6.25	9.85	9.5
Whescoe .....	fin	nli	-	5.9	23	8.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. \$USM stock.

*This announcement appears as a matter of record only*

# **samancor**

**SAMFRANCE INVESTMENTS LIMITED**  
**US\$ 30,000,000**  
**SECURED TERM LOAN FACILITY**

in connection with the acquisition  
of 877,608 shares in  
Ugine S.A.


*Arranged and underwritten by*

**ABSA BANK**  
LONDON BRANCH

**HENRY ANSBACHER**  
—  
**& CO. LIMITED**

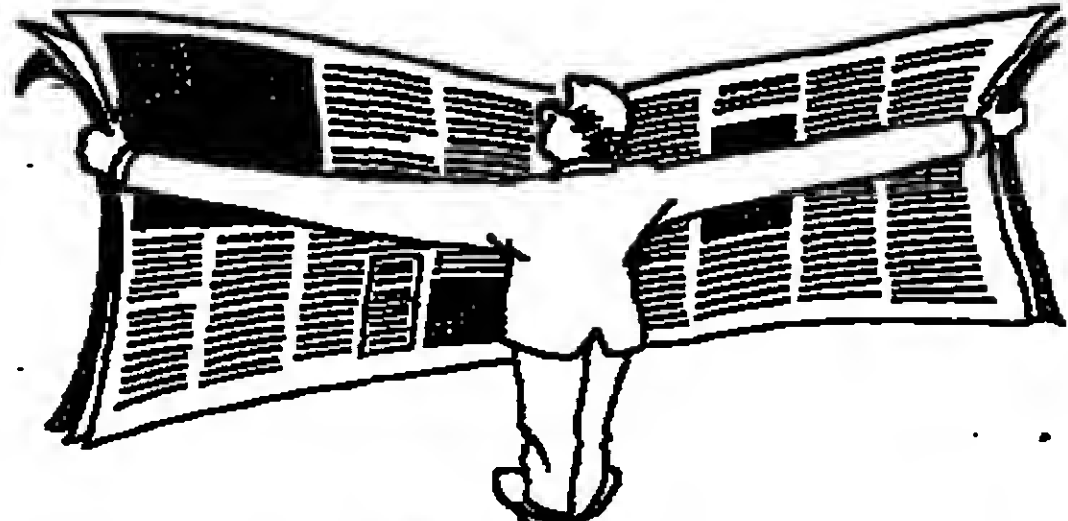
*Provided by*  
Henry Ansbacher & Co. Limited  
ABSA Bank Limited, London Branch  
Nedcor Bank Limited, London  
ABSA Finance Asia Limited

*Agent*

 **HENRY ANSBACHER**  
—  
**& CO. LIMITED**

*September 1994*

# How do you keep up with an expanding Europe?



## Europe's essential online business information service from the Financial Times.

Now that the single market is a reality, the need for business information ... on markets, on your competitors, on European legislation... has become more urgent.

So how do you keep up with all of the changes? And how do you separate the useful information from the time-wasting trivia?

**You need FT PROFILE.**

The Financial Times is the newspaper to turn to for authoritative reporting on the issues and events that influence European business. FT PROFILE draws on this authority and on hundreds of other equally

important information sources to give you the facts you need - in seconds.

**FT PROFILE is easy to use.**

All you need is a PC, a phone line and access to FT PROFILE. It helps you sift through the millions of pieces of available information for the facts that can make the difference between a good guess and an informed decision.

To learn more about how FT PROFILE can enhance your perspective on business in Europe and the world, call us now, or simply complete and return the coupon to...

**FT PROFILE, Fitzroy House,  
13-17 Epworth Street, London EC2 4DC  
Great Britain. Tel: +44 (0) 71 825 8000.**

Name

Job Title

Company

Nature of business

Address

Postcode  Telephone

Country

No. of employees ☐ under 50 ☐ 50 to 100 ☐ over 100

I already use online ☐ Yes ☐ No

**FT PROFILE**  
BUSINESS INFORMATION

PART OF THE FINANCIAL TIMES GROUP

This Notice is important and requires the immediate attention of holders of Bonds.

If holders are in any doubt as to the action they should take, they should consult their stockbroker, lawyer, accountant or any other professional adviser without delay.

**NEXT PLC**  
(The "Company")

**NOTICE**

to the holders of some of the  
£100,000,000 5.34% Convertible Bonds due 2003  
of the Company presently outstanding  
(the "Bondholders" and the "Bonds" respectively)  
Conversion Right Expiry Date: 7th January, 1995  
Redemption Date: 15th January 1995

The attention of Bondholders is drawn to the Notice published by the Company in the Financial Times on 21st November 1994 regarding all Bonds not converted/redemmed prior to that date.

**IN ACCORDANCE WITH CONDITION 8(a) OF THE BONDS** CONDITION 15 HEREBY GIVEN to the Bondholders that the Last date on which they can exercise their right of conversion of Bonds into fully paid shares of nominal value 10p each of the Company will be 7th January 1995.

The attention of Bondholders is drawn to the Conditions endorsed on the Bonds and in particular to Condition 8 which contains further details regarding conversion.

14th December 1994

Principal Paying and Conversion Agents:  
Lloyds Bank Plc, Lloyds Bank Registrars,  
Receiving Bank Services, Australia House, 71 Queen Victoria Road, ECAN 1SL,  
London

Paying and Conversion Agents:  
Kreditbank SA, Luxembourg-Grande,  
43 Boulevard Royal, L-2955 Luxembourg

Morgan Guaranty Trust Company of New York,  
Avenue des Arts 35, B-1040 Brussels

Swiss Bank Corporation,  
1 Aeschengrabenstrasse, 4002 Basle, Switzerland

---

This advertisement is issued in compliance with the regulations of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). Application has been made to the London Stock Exchange for the whole of the issued security share capital of Millwall Holdings PLC ("the Company") to be admitted to the Official List. It is explained that the Company does not constitute an offer or invitation to subscribe for or purchase shares. It is expected that admission to the Official List will become effective and that dealings will commence on 19 December 1994.

**Millwall Holdings PLC**  
(Incorporated and registered in England No. 2355508)  
Admission to the Official List  
sponsored by  
Towersley & Co

The Company is a holding company of a group engaged in a range of leisure and related activities, primarily in the operation of a professional football club.

SHARE CAPITAL			
Authorized	Issued and fully paid		
Number	Amount	Number	Amount
450,000,000	£450,000,000	326,429,276	£326,429,276

Copies of the exempt listing document may be obtained during normal business hours on any working (Sundays and public holidays excepted) from the date of this notice up to and including 30 December 1994 either from the Company's Announcements Office of the London Stock Exchange, Capel Court entrance, off Bartholomew Lane, London, EC2 (for collection only) or from:

Towersley & Co, 44 Worship Street,  
London EC2A 3JT

Millwall Holdings PLC, The Den,  
Zampa Road, London SE16 3JN  
14 December 1994

## COMPANY NEWS: UK

# All-round growth lifts David Smith to £40.4m

By Peter Pearce

Pre-tax profits at David S Smith (Holdings), the paper, packaging and office supplies group, jumped from £13.7m to £40.4m in the six months to October 29.

Mr Peter Williams, chief executive, said he was disappointed at a share price rise of just up to 49p. He ascribed the flat response to Monday's report from SG Warburg which assessed the group as a paper stock, pitted against global competitors.

Mr Williams said that paper only accounted for 25 per cent of turnover since the acquisition of Kaysersberg Packaging and Spicers, the stationery wholesaler and manufacturer. He also believed that Warburg had wrongly estimated the overcapacity in Europe. He said that although historically paper companies tended to underperform the market when new capacity came on stream, recent announcements of new capacity would not yet meet the demand.

Turnover grew 41 per cent to £475.4m (£357.9m). Without Spicers, which was only in last time's figures for three months, the rise would have been 20 per cent. Operating profits jumped to £45.6m (£19.5m) and without Spicers would have been £36.2m.

Mr Williams said the sharp rises could be attributed to three factors. First, the economic upturn in Smith's markets, particularly the UK and



Peter Williams: paper now accounts for only 25% of turnover

Ireland, where operating profit rose to £36.5m (£11.2m) on turnover of £365.5m (£243.7m).

Second, the modernised Kemsley mill "came even tighter than we thought", capitalising on the upturn in the cycle. Third, prices for waste, artificially depressed by German environmental policies, became more responsive to market forces. These factors led to an improvement in operating margins from 5.5 to 9.6 per cent.

Raw material prices rose by up to 50 per cent and were set to rise further, said Mr Williams.

Gearing advanced from 37 per cent at the end of April to 41 per cent as borrowings rose by £21.3m over the six months to £141.8m.

The interim dividend is lifted to 4.25p (2.75p) and earnings

expanded to 20.4p (8.3p) per share.

## COMMENT

The City has been upgrading forecasts since April; even so the profits came in about 55m higher than expectations. Warburg's report seems a little short-sighted given Smith's broadened and strengthened portfolio. The upswing looks to last longer than predicted, peaking as late as 1996-97, when some City voices reckon earnings could climb to 70p-80p. Anyway, Smith has bought itself protection with Kaysersberg and Spicers. With pre-tax profits redrawn at £90m for the current year and £118m the following (giving earnings of 45.4p and 56.7p respectively), the multiples would be 11 and 8.4. The latter is a 25 per cent discount to the market.

## RPO sales play sweet music as Tring rises to £2.56m

By David Blackwell

Tring International Group, the publisher of budget-priced compact discs and audio cassettes that was floated last February, is paying a maiden interim dividend of 1.4p.

Pre-tax profits for the six months to September 30 rose by 19 per cent from £2.16m to £2.56m, while sales were 15 per cent ahead at £10.9m, compared with £9.47m last time.

The group, which sells roughly one CD or tape for every £1 of turnover, ended the period with £2m net cash.

An agreement with the Royal Philharmonic Orchestra is helping to drive sales ahead. To date 24 titles have been released, a figure that is expected to have more than doubled by the end of the financial year.

The CDs, which are sold for up to £3.99, are now available at 7,000 shops in the UK, including 300 branches of Tesco. The group will soon add WH Smith to its customers. Tring's range of recordings spans both popular and classical music. Its hits of the Sixties compilation sold more copies last month - after a relaunch - than it did in June 1990, when the company was formed. However, it relies on no single recording for its sales.

Mr Mark Frey, joint chief executive, said the group would soon introduce a range of budget video tapes, ranging in price from £2.99 to £4.99. The tapes will feature children's entertainment, sport, health and fitness and cookery, among other subjects.

"I see no reason why we cannot repeat our success with videos," said Mr Frey. We can use the same distribution, the same sales team and in many cases we will have the same buyers."

The possible costs of legal action by other music companies against the company for alleged copyright violations were dismissed as insignificant.

"Litigation is an industry hobby," said Mr Frey, adding that any damages against the company would be covered by warranties and indemnities.

The prospectus said that the interim distribution would be roughly one third of the full dividend. Earnings per share were 3.98p, against a pro forma 3.57p.

The shares, placed at 118p, were unchanged yesterday at 119p.

Disposal marks British Airways' exit from the charter airline business

## Inspirations to buy Caledonian

By Michael Skipper, Aerospace Correspondent

British Airways yesterday announced its departure from the charter airline business by revealing it was to sell Caledonian Airways to Inspirations, the tour operator, for £16.8m.

BA said the development of vertically integrated holiday groups meant it made sense for Caledonian to be part of a tour operating company.

Inspirations, which was floated on the USM a year ago, is attempting to emulate large travel groups such as Thomson

and Airtours, which have their own airlines.

BA said Caledonian represented a "tiny proportion" of British Caledonian, which it bought for £250m in 1987. Most of British Caledonian has been integrated into BA's scheduled services. Caledonian, which was set up in May 1988, absorbed British Airtours, BA's charter airline.

BA said that although it would still provide aircraft, such as Concorde, on a charter basis, it would no longer provide charter services for tour operators.

Inspirations said it would

raise \$6.7m through a 1-for-4 rights issue at 130p a share.

The shares closed yesterday at 143p, up 3p.

The consideration to BA will take the form of a \$4.9m cash payment, with \$2.9m payable on March 31, 1995, when the deal is due to be completed. Two payments of £1m each will be made on November 1, 1996 and November 1, 1997.

Inspirations will also take on an £11.7m loan made by BA to Caledonian, repayable over five years. Inspirations will receive five Lockheed L1011 aircraft. In addition, Inspirations will abandon its plan -

announced in October - to set up an airline called International Airways, although it will still lease three Airbus A320s, which will become part of the Caledonian fleet.

Caledonian will retain its brand name and livery, including its golden lion logo and tartan uniforms.

Inspirations' pre-tax profit for the year to September 30 was \$4.5m, compared with \$2.54m in the 11 months to September 30, 1993. Turnover was \$309.8m, against \$118.4m last time. Earnings per share were 21.4p (9.3p) and the final dividend is 2.24p, making 2.8p.

## Goldsbrough doubles with £5.3m

By Tim Burt

Goldsbrough Healthcare, the nursing homes, hospitals and homecare group, yesterday reported a sharp increase in profits amid growing demand for private medical services.

The company, which raised £29m from its flotation earlier this year, saw pre-tax profits more than double from £2.3m to £5.3m in the 12 months to October 2, as turnover increased 38 per cent to £41.7m (£30m).

Mr Graham Smith, chief executive, said the figures jus-

tified the group's expansion - involving £8.2m of acquisitions since it came to the market.

He signalled a further step in that strategy yesterday by announcing the \$4.9m acquisition of two nursing homes and a sheltered housing management company from Emerson Group, the privately owned property developer.

The cash purchase will push net borrowing up to £23.1m - equivalent to gearing of 48 per cent - and will increase Goldsbrough's total number of beds to 1,349.

Outlining plans for further acquisitions, Mr Smith said the group would be comfortable with gearing of up to 75 per cent "although we'd prefer it to remain below 50 per cent".

The group is also increasing its homecare activities by opening five new branches, serving an area of the market which it claimed was proving more popular than residential homes.

Of the group's three main divisions, however, profits in homecare were outstripped by both care homes and acute hospitals.

Profits from care homes rose from £4.8m to £5.1m, while in acute hospitals they increased from £700,000 to £1.9m. Homecare, nevertheless, reported increased profits of £1.6m (£700,000).

Earnings per share rose from 7.1p to 13p, or from 9.1p to 11.6p after adjustment for recovery of advance corporation tax: the group announced a maiden full year dividend of 2.3p, some 5 per cent ahead of expectations.

The shares rose 4p to 148p yesterday, still well below the flotation price of 170p.

## NEWS DIGEST

## Fairline buoyant with £1.15m

Helped by "better than expected" trading conditions and the introduction of five new models, pre-tax profits of Fairline Boats more than doubled, from £558,000 to £1.15m, in the year to end-September.

Sales rose 17 per cent from £33.7m to £39.5m. Earnings emerged at 21.5p (10.8p) per share and the final dividend is increased to 10.5p (6.925p) making 15.5p (10.5p) for the year.

For the year to September 30 profits were £3.61m (£2.8m) on turnover of £25.6m (£27.6m). Earnings per share came out at 4.87p (3.6p) and a proposed final dividend of 1.4p makes a total of 2p (1.7p).

Sheriff Holdings, the USM-quoted plant hire group,

reported doubled pre-tax profits from £1.7m to £3.58m for the year to September 30.

Turnover rose by £7.4m to £20.2m, bolstered by £4.2m from acquisitions. Earnings came out at 23.5p (11.5p) per share. A final dividend of 4p (2.5p) is proposed for a 5.75p (3.75p) total.

## Norbain improves

Norbain, the USM-traded security products group, lifted pre-tax profits by 56 per cent to £1.13m during the six months to October 31, against \$724,000. Turnover was ahead 49 per cent at £23.4m (£15.6m). Earnings per share were 9.1p (6.8p).

## Novo bounces

Novo Group, the distribution and film entertainment company, announced a 73 per cent expansion in interim pre-tax profits from £649,000 to £1.13m for the six months to end-September. Turnover rose just 4.5 per cent to £28.7m (£28.4m). The previous outcome was depressed by losses on disposal of a French associate and provisions for litigation with BET over alleged licensing and copyright irregularities.

Earnings per share improved to 1.7p (0.87p) but the interim dividend is held at a nominal 0.1p.

## Magnum Power

Magnum Power, which came to the USM in August, reported pre-tax losses of £1.21m for the half year to November 30 against £395,056. Turnover nearly doubled from £15,910 to £29,569.

Losses per share emerged at 3.96p (1.6p).

Claydon reported pre-tax losses of £267,000 for the year to June 30, 1994.

## Abbott Mead buy

Abbott Mead Vickers is paying a maximum £8.35m for Freud Communications, a public relations company. An initial £2m will be satisfied by loan notes and cash with further pre-allocated payments.

## Seton buys Orovite

Seton Healthcare Group is acquiring SmithKline Beecham's Orovite, the multi-vitamin supplement. It is paying \$2.7m cash for the trade mark and goodwill. In 1993, the brand made a gross profit of \$510,000 on sales of £1.23m.

## Samuel Heath

Despite an increase in turnover from £3.5m to £3.82m, pre-tax profits of Samuel Heath & Sons, the hardware and giftware company, fell from £158,000 to £103,000 in the half year to end-September. Earnings emerged at 2.3p (3p) per share and the interim dividend is maintained at 1.5p.

## Eve acquisition

Eve Group, the USM-quoted civil engineer, is buying Dick Clayton, the engineer which was placed in receivership on December 9, for £1.24m. Eve estimated the value of the assets being acquired to be same as the consideration.

## Leading Edge leaves Kleeneze at £0.13m

By Tim Burt

Kleeneze Holdings, the home shopping and mail order company, yesterday blamed bad debt provisions and losses by The Leading Edge, its former retail chain, for a big fall in profits.

The group saw pre-tax profits slide from £1.06m to £128,000 in the year to August 31, despite increased turnover of £74.1m, compared with £56.6m last time.

Its performance was undermined by operating losses of £1.02m at The Leading Edge, which was sold in August for £250,000, incurring a further £433,000 loss on disposal.

An exceptional £300,000 provision for bad debts also hampered profits on its continuing operations, which fell slightly from £2.04m to £1.99m.

Mr Robin Klein, chairman, said the provision was a

one-off charge to cover bad debts run up by direct selling agents who, he admitted, had not been monitored rigorously enough.

The company has since vetted its sales force, withdrawn accounts from 400 agents, and yesterday announced the resignation of Mr Nigel Swabey, who has run the Kleeneze direct selling division since 1988.

Mr Klein said it was essential to restore "adequate controls" in the division, where profits fell from £1.46m to £412,000.

Earnings per share fell 6.08p to 0.89p. But despite the problems, the company is recommending an increased dividend of 1.5p (1p).

The move, according to Mr Klein, reflected the group's confidence in its core innovations catalogue business, which lifted profits from £582,000 to £1.59m.

## Transformed Whessoe lapses to £179,000 loss

Whessoe, which has withdrawn from heavy engineering and contracting and is now an instrumentation and control company, reported a £179,000 pre-tax loss for the year to September 30. There were profits of £7.14m last time.

Turnover of £118m (£99.7m) included £37.3m (£56.7m) from discontinued operations while operating profits of £2.18m (£7.03m) included losses of £3.83m (£3.3m profits) on those operations.

There was a £270,000 provision for restructuring Autronics, the Norwegian marine instrumentation and fire detection company acquired for £21.8m in October 1993. Net interest charged was £1.39m against a £38,000 credit.

Losses per share came through at 3.76p (18.8p earnings) and there is no final dividend (5.9p). For the half year there was an unchanged interim of 2.3p.

## Lloyds Bank Interest Rates for Business Customers

### BUSINESS OVERDRAFTS

Band	Monthly Rate	Eqv. Annual Rate
A†	0.94%	11.28%
B	0.86%	10.32%
C	0.77%	9.24%
Unauthorised	2.00%	24.00%

### BUSINESS LOANS

Band	Monthly Rate	Eqv. Annual Rate
Standard**	0.98%	11.76%
Preferential**	0.81%	9.72%
Small Business Loan Standard	1.08%	12.96% (APR 13.7%)*
Small Business Loan***	0.98%	11.76% (APR 12.4%)*

### BUSINESS MORTGAGES

Band	Monthly Rate	Eqv. Annual Rate
A	0.98%	11.76%
B and C	0.81%	9.72%

†Standard and A Bands have been merged.

\*\*The APR does not take into account any additional charges (eg arrangement fees/securities charges/monthly fees) which may be applicable.

\*\*\*Also applies to Farm Business Loans. \*\*\*\*Also applies to Farm Small Business Loans.

### BUSINESS SAVINGS

PREMIER INTEREST ACCOUNT†	GROSS RATE %	GROSS CAR %
£250,000+	5.25	5.38
£100,000+	5.00	5.12
£ 25,000+	4.40	4.49
£ 10,000+	4.10	4.18

BUSINESS CALL ACCOUNT	GROSS RATE %	GROSS CAR %
£250,000+	3.85	3.93
£ 50,000+	3.55	3.61
£ 10,000+	3.35	3.40
£ 1,000+	3.05	3.09
Below £1,000	1.25	1.26

CLIENTS CALL ACCOUNT	HALF YEARLY OPTION		MONTHLY OPTION	
	GROSS RATE %	GROSS CAR %	GROSS RATE %	GROSS CAR %
£1,000,000+	4.35	4.40	4.31	4.40
£ 100,000+	4.15	4.19	4.11	4.19
£ 10,000+	3.65	3.68	3.62	3.68
£ 2,500+	3.35	3.38	3.33	3.38
Below £2,500	1.00	1.00	1.00	1.00

DEPOSIT ACCOUNT	HALF YEARLY OPTION		MONTHLY OPTION	
	GROSS RATE %	GROSS CAR %	GROSS RATE %	GROSS CAR %
£1+	0.25	0.25	0.25	0.25

Interest rates may vary from time to time. This notice lists current rates.

GROSS RATE - the annual interest rate.

GROSS CAR - compounded annual rate when full monthly or half-yearly interest remains invested. Business Call Account and Premier Interest Account assume interest paid monthly.

†No interest is paid on balances below £10,000.

These rates of interest will apply with effect from 14 December 1994



THE THOROUGHbred BANK.

Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS

## PERSONAL



Are you a single, professional man in your 40s or 50s? Have you used a dating agency or lonely hearts ad to find a partner?

If so the BBC would like to see you on the new personal TV programme, *Love and Marriage*, on BBC1 at 9.15pm on Wednesday 14 December 1994.

## ART FOR SALE

EXCEPTIONAL PAINTING: Gouache on silk, depicting a horse painting in excellent condition. No dealers please. Write to: Sue (0208) 554000, Financial Times, One Southwark Bridge, London SE1 8PL.

This advertisement is issued in compliance with the requirements of The International Bank Exchange of the United Kingdom and the Republic of Ireland. It is subject to the provisions of the Companies Act 1985 and the Companies Act 1989.

**MICE Group Plc**  
(Incorporated and registered in England and Wales under the Companies Act 1985 with registration no. 2879731)

**PLACING BY ELLIS & PARTNERS LIMITED**  
of £1,666,667 ordinary shares of 1p each at 3p per ordinary share payable in full upon application

SHARE CAPITAL FOLLOWING THE PLACING

Authorized £2,500,000 in Ordinary Shares of 1p each Issued and fully paid £1,767,500

The ordinary shares of 1p each, which are the subject of the Placing, will rank pari passu in all respects with the existing ordinary shares of MICE Group Plc, including the right to receive all dividends and to vote at general meetings of the company.

Ellis & Partners Limited, 15 Abchurch Lane, London EC4N 3DF, is the Placing Agent for the Placing. It is a member of the Association of Placing Agents Limited (APL) and is authorised by the Financial Services Authority to act as a Placing Agent for the Placing. The Placing is being conducted in accordance with the provisions of the Companies Act 1985 and the Companies Act 1989.

FT International Trade Finance is the essential newsletter for the executive who needs to stay abreast of the opportunities and threats that characterise the finance of international trade. Published by Financial Times Newsletters, it provides both timely reporting and authoritative analysis of the key developments in trade and project finance worldwide, every two weeks.

## Essential regular reading for Major Exporters

COMPREHENSIVE COVERAGE  
FT International Trade Finance provides you with Imperial news and analysis of the latest in:

- Export Finance developments
- Credit Insurance schemes
- Project Finance packages
- Aid and Development funding
- Countertrade
- Forfeiting
- Country Risk assessments

Keep on top of the world of international trade and project finance with:

## International Trade Finance

To receive a sample copy of this newsletter please send your name and address to: International Trade Finance, c/o FT Newsletters, 100 Brook Street, London W1A 1AA. Tel: 020 7556 5000. Fax: 020 7556 5001. E-mail: itf@ft.com. Please allow 4 weeks for delivery.

السنة الأولى



## COMMODITIES AND AGRICULTURE

## UK fisherman seek to repel Spanish armada

Alison Maitland on a campaign that could lead to another government defeat

The prospect of the Spanish fishing fleet gaining full access to waters west of the UK spurs Mr John Ashworth, spokesman for the Save British Fish campaign, to believe this is the thin end of the wedge. It will lead to the European Union's largest fleet winning entry to all EU waters, including the North Sea, by 2003, he says.

"At the end of the day, it means that Britain has handed over her greatest renewable resource. It will mean the end of our industry."

The campaign group wants Britain to renounce the principle enshrined in the Common Fisheries Policy of equal access for all member states to a common resource. As this is the policy's cornerstone, they say the logical step is for Britain to

withdraw from the CFP. Next week, EU fisheries ministers must resolve the prickly question of how to integrate Spain and Portugal into the western waters off the UK, France and north-west Spain, and in particular into the "Irish Box" - the waters surrounding Ireland.

While having restricted access to most of the western waters, the two countries have been barred from the Irish Box - where fish stocks are particularly fragile - since they joined the community. This ban is to be lifted at the end of next year, but the UK and Ireland are anxious to protect their fishermen's rights and minimise the Iberian presence.

The British House of Commons will tonight debate an opposition Labour party amendment to keep Iberian

fishermen out of the Irish Box. It could win backing from anti-European Conservatives, leaving the government facing another defeat.

Spain has threatened to block the accession of Austria, Finland and Sweden to join, unless a deal is worked out by the end of this year.

The UK government has been at pains this week to deny rumours spreading through the fishing community that Spain has already been granted new rights to these waters under a secret deal. Mr Michael Jack, the fisheries minister, says the only agreement at last weekend's EU summit in Essen was that a fishing deal should be clear and unambiguous.

Mr Ashworth acknowledges that Spain and Portugal are fully justified in their claims to

greater access. But he cannot see how the European Commission can square this with an agreement that Iberian integration into the CFP should not entail any overall increase in fishing effort.

"I don't think they know how to do it," he says. "They're in a shambles." Integration, originally due by 2003, was brought forward to 1996 as part of the deal on accession for the ECU countries.

British fishermen are deeply concerned that the 17,000-strong Spanish fishing fleet will ignore quotas and other conservation measures in western waters. They also fear the Spaniards will catch immature fish, which are much appreciated on their domestic market, depriving shoals of their replacement stocks.

Mr John Thomson, vice-

chairman of the Scottish White Fish Producers, says fishermen are already hard-pressed.

"Fishing is the life-blood of Scottish communities. For every man at sea there may be 10 people employed on shore. We're very frightened this could be devastated."

At the very least, he wants Britain to regulate EU vessels entering its western waters, a proposal taken up by the UK government.

Mr Geoff Bullus, a Cornish fisherman's leader, is bitter about what he sees as double standards. "Stocks are overfished at the moment and the scientists are recommending reductions in all stocks in the western approaches. At the same time the Commission is telling us we must make room for the Spanish fleet. That's very difficult to stomach."

## Canadian diamond project exceeding expectations

By Bernard Simon in Toronto

North America's first diamond mine will be bigger and have a longer life than earlier estimates indicated, according to the Australian-Canadian joint venture that is developing the deposit near Lac de Gras in Canada's Northwest Territories.

BHP Minerals said that, based on the latest samples, the proposed development plan would be broadened from three to five diamond-bearing kimberlite pipes. The life of the

project has been extended to 25 years.

Production is due to start in the third quarter of 1997, assuming that regulatory approvals for the building of a mine are obtained within the next 12 months.

The Canadian government set up a four-person environmental review panel earlier this month. The project, which is located in an ecologically sensitive area close to the Arctic Circle, is likely to come under close scrutiny from environmental and local aboriginal

groups. According to BHP, initial production will be 9,000 tonnes of kimberlite a day, rising to 18,000 tonnes in the tenth year. The mine will be a combination of open-pit and underground operations.

BHP said that last summer's exploration programme uncovered 15 new diamond-bearing pipes, bringing the total to 39. Further exploration is planned this winter, involving the extraction of 100-200 tonnes samples from four or five pipes.

## Banana boffins win research prize

By John Madeley

Researchers in west Africa have won an international award for breeding a better banana.

Development of a high-yielding strain resistant to the devastating black sigatoka disease, has attracted the 1994 King Baudouin Award for the most outstanding agricultural breakthrough of the year.

Research should lead to higher food output and a significant increase in the incomes of millions of African farmers.

Named after the Belgian monarch, the award is presented by the Consultative Group on International Agricultural Research, a world-wide research network. It goes to the Nigerian-based International Institute for Tropical Agriculture.

Bananas are one of Africa's most important staple foods,

exceeding maize, rice and cassava in value. In Burundi, Rwanda and Uganda, per capita banana consumption averages 200kg a year. But black sigatoka, a fungus disease, spreads rapidly in the wind and can destroy up to half a farmer's crop.

Breeders face the problem that bananas do not produce seeds. "When we started the research, eight years ago, people thought we could not make any progress in breeding bananas," said IITA director-general Mr Lukas Brader.

Using a combination of approaches, scientists at the institute were able to make a breakthrough in breeding technology, which led to a hybrid plantain banana, a variety used for cooking, that yields two to three times as much as existing varieties and is resistant to black sigatoka. Following trials in 12 sub-Saharan

countries, the hybrids are soon to be released to farmers.

The hybrids have the advantage of not needing pesticide and they grow faster than existing varieties. The higher yields are expected to reduce the need to expand banana cultivation to other land areas.

"Over the next eight to ten years these hybrids will gradually replace the existing varieties," said Mr Brader.

The annual value of banana production in Africa is now estimated at \$2.5bn, but this could increase to \$5bn if the hybrids are widely planted. Mr Ismail Seraglin, OCHA chairman and World Bank vice-chairman, said millions of small African farmers and their families would benefit. "This is truly a milestone contribution toward stemming the long-term decline of per capita food production in sub-Saharan Africa," he said.

## Australian winter crop forecast at 12-year low

By Nikid Tait in Sydney

Latest forecasts put Australia's drought-affected winter crop production at 13.6m tonnes, down from 28.4m tonnes in 1982-83.

The aggregate figure, published yesterday by the Australian Bureau of Agriculture and Resource Economics, includes a marginal upward revision -

an additional 400,000 tonnes - to reflect the scattered rainfall received in some cropping areas in late October and early November. Nevertheless, if the estimated production levels prove accurate, they will represent the lowest winter crop seen in Australia since 1983-83.

The New South Wales crop is forecast to be just 850,000 tonnes, down from 7.65m

tonnes in the previous year. In Queensland, winter crop production is put at 250,000 tonnes, about one-quarter of the levels seen in each of the previous two years. These two states have been worst affected by the current drought, one of the most severe this century.

Wheat production is forecast at 8.6m tonnes, down 49 per cent on the previous crop,

reflecting both the reduced acreage sown and the fall in yields across Australia caused by below-average spring rainfall.

The Australian federal government is revamping the organisation of the country's AFSA meat industry, handing more responsibility for marketing and development to producers and processors. The changes,

which have been endorsed by the federal cabinet, follow criticism from beef exporters about the degree of statutory intervention in the industry, and the lack of responsiveness to producers' concerns.

A new meat industry policy council will take over responsibility for the AFSA's compulsory levies and spent on promotion and research.

## Caribbeans seek extra sugar access to expanded EU

By Caruto James in Kingston

The European Union's traditional sugar suppliers want to ship 700,000 tonnes a year more to meet the higher demand they expect to result from the expansion of the union.

Exporters in the African, Caribbean and Pacific group, who have an overall quota of 1.3m tonnes a year, have told the EU that they can guarantee the additional 700,000 tonnes.

"With the impending expansion of the European Union and changes in the sourcing of sugar for Portugal, the ACP countries have an opportunity to expand their exports," said Mr Karl James of the Sugar Association of the Caribbean.

A recent study done on production in the ACP states indicates that they can ship 700,000 tonnes more each year, and in the negotiations with the EU we are asking that this be bought at the preferential price we now enjoy."

The European Union is changing its sugar import regime and will establish a mechanism for the access of additional sugar under an agreement that will become effective in July 1995 and run for six years, according to the Sugar Association of the Caribbean.

"The EU's proposals are an encouraging development and will provide the basis for the ACP group to negotiate with the EU to achieve its objective of additional access at the

guaranteed price."

In a move to make more of another preferential market, Caribbean Community (Caricom) sugar exporters have asked the US government for changes in the allocation of their import quotas to allow other producers in the group the first call on meeting shortfalls of any member, said the Sugar Association.

"The United States does not allow any member of the group to supply any or part of a quota belonging to another

member," the association said. The US Department of Agriculture sets annual import quotas for Caribbean and other producers.

"Some countries have frequent difficulty in meeting their US quotas," said Mr James. "Barbados, for example, has not shipped any sugar to the US for several years, but none of the association's members benefit from this shortfall. This is what we have asked the US Department of Agriculture to change."

## COMMODITIES PRICES

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Unsmelted Metal Trading)

■ ALUMINIUM, 99.7 PURITY (\$ per tonne)

Cash 3 mths

Close 1800-01 1820-00

Previous 1817 1839/1815

High/Low 1817-75 1847-75

AM Official 1852-4

Kerb close 254,025

Open int. 254,025

Total daily turnover 82,550

■ ALUMINIUM ALLOY (\$ per tonne)

Close 1775-55 1810-15

Previous 1800-05 1835-40

High/Low 1810-15 1845/1810

AM Official 1820-5

Kerb close 2,943

Open int. 2,943

Total daily turnover 520

■ LEAD (\$ per tonne)

Close 800-10 825-5

Previous 800-10 849-5

High/Low 800-10 849/817

AM Official 822-5

Kerb close 824-5

Open int. 824-5

Total daily turnover 7,633

■ NICKEL (\$ per tonne)

Close 7900-00 8130-40

Previous 7875-55 8020-50

High/Low 7875-55 8020-50

AM Official 8030-80

Kerb close 8175-25

Open int. 8175-25

Total daily turnover 57,748

■ TIN (\$ per tonne)

Close 5745-55 5840-50

Previous 5850-70 5900-70

High/Low 5850-70 5900-70

AM Official 5970-75

Kerb close 5970-90

Open int. 5970-90

Total daily turnover 30,987

■ COPPER, grade A (\$ per tonne)

Close 2943-5 2953-5

Previous 2917-5 2927-5

High/Low 2917-5 2927-5

AM Official 2952-5

Kerb close 2952-5

Open int. 2952-5

Total daily turnover 244,546

■ LME AM Official C/S ratio: 1.5820

LME Closing C/S ratio: 1.5820

Set: 1.588 5 mths: 1.596 6 mths: 1.594 9 mths: 1.591

■ HIGH GRADE COPPER (COMEX)

Close 134-00 134-00

Previous 133-00 133-00

High/Low 133-00 133-00

AM Official 133-00

Kerb close 133-00

Open int. 133-00

Total daily turnover 17,128

■ GOLD (100 oz)

Close 378-30 378-30

Previous 377-80 378-20

High/Low 377-80 378-20

AM Official 378-10

Kerb close 378-10

Open int. 378-10

Total daily turnover 242,702

■ GOLD COINS

Close 378-30 378-30

Previous 377-80 378-20

High/Low 377-80 378-20

AM Official 378-10

Kerb close 378-10

Open int. 378-10

Total daily turnover 242,702

■ GOLD COINS

Close 378-30 378-30

Previous 377-80 378-20

High/Low 377-80 378-20

AM Official 378-10

Kerb close 378-10

Open int. 378-10

Total daily turnover 242,702

## PRECIOUS METALS continued

■ GOLD COMEX (100 Troy oz; \$/troy oz)

Close 377-30 378-30

Previous 377-80 378-20

High/Low 377-80 378-20

AM Official 378-10

Kerb close 378-10

Open int. 378-10

Total daily turnover 242,702

■ PLATINUM NYMEX (50 Troy oz; \$/troy oz)

Close 408-5 412-0

Previous 413-0 416-0

High/Low 413-0 416-0

AM Official 412-0

Kerb close 412-0

Open int. 412-0

Total daily turnover 2,943

■ PALLADIUM NYMEX (100 Troy oz; \$/troy oz)

Close 153-0 153-0

Previous 153-0 153-0

High/Low 153-0 153-0

AM Official 153-0

Kerb close 153-0

Open int. 153-0

Total daily turnover 520

■ SILVER COMEX (100 Troy oz; \$/troy oz)

Close 478-5 481-0

Previous 478-5 481-0

High/Low 478-5 481-0

AM Official 478-5

Kerb close 478-5

Open int. 478-5

Total daily turnover 13,387

■ ENERGY

■ CRUDE OIL NYMEX (42,000 US gal; \$/bbl)

Close 18-00 18-00

Previous 18-00 18-00

High/Low 18-00 18-00

AM Official 18-00

Kerb close 18-00

Open int. 18-00

Total daily turnover 17,128

■ CRUDE OIL IPE (\$/bbl)

Close 18-00 18-00

Previous 18-00 18-00

High/Low 18-00 18-00

AM Official 18-00

Kerb close 18-00

Open int. 18-00

Total daily turnover 17,128

■ HEATING OIL NYMEX (42,000 US gal; \$/bbl)

Close 18-00 18-00

Previous 18-00 18-00

High/Low 18-00 18-00

AM Official 18-00

Kerb close 18-00

Open int. 18-00

Total daily turnover 17,128

■ NATURAL GAS NYMEX (10,000 cu ft; \$/bbl)

Close 18-00 18-00

Previous 18-00 18-00

High/Low 18-00 18-00

AM Official 18-00

Kerb close 18-00

Open int. 18-00

Total daily turnover 17,128

■ UNLEADED GASOLINE NYMEX (42,000 US gal; \$/bbl)

Close 18-00 18-00

Previous 18-00 18-00

## MARKET REPORT

## Early rise in shares eroded by sell programme

By Steve Thompson

A sizeable sell programme executed in mid-morning set paid to any chance of the UK equity market maintaining an early strong rally.

Also affecting sentiment was another disappointing performance by the gilts market ahead of this morning's crucial economic data, which sees the publication of inflation figures for November, monthly unemployment details, news of underlying average earnings for October and unit wage costs for the latest three months.

There was no real pressure, however, from across the Atlantic, where Wall Street was never anything but steady and marginally higher on balance well after London closed. Strategists said US markets had given a steadfast response to

the day's economic news, which showed a surprisingly good recovery in producer prices but worryingly high retail sales that were well above consensus forecasts.

The FT-SE 100 index, which had fallen more than 2 per cent over the previous two sessions, managed to end the day 3.0 up at 2,946.4. The FT-SE Mid 250 index never looked like matching the FT-SE 100's early performance and eventually settled 0.8 firmer at 3,373.2.

Dealers said the market had also been restrained by various technical factors affecting markets across the globe. The FT-SE future December contract expired on Friday, as does a series of German derivatives instruments. Friday also brings "triple witching hour" in the US, where all the major derivatives contracts expire. Such expiries are often the

trigger for exaggerated movements in international stock markets.

The Footsie kicked off yesterday morning in good shape, opening almost 20 points better at 2,944.4, thanks mainly to a solid overnight performance from Wall Street, where the Dow index continued to confound the pundits by closing some 27 points higher.

But there was little institutional business in London and prices quickly began to trickle back, influenced also by a retreat by some European equity markets, notably Germany, which was hit by a Morgan Stanley downgrade.

In mid-morning the full force of a sizeable sell programme saw early gains entirely wiped out and the FT-SE 100 index fell into negative territory, eventually hitting a session low of 2,888.8, down a net 4.6

Thereafter, share prices embarked on a slow recovery, moving back to positive territory after Wall Street delivered a reassuring opening.

The latest Confederation of British Industry survey of distributive trades, although pointing to a continued slowdown in sales, failed to cause any damage in the retailing sectors, which have underperformed the market by a considerable amount this year. The store sector provided two of the FT-SE 100's best performers on the day in Boots and Marks and Spencer.

Marketmakers mostly remained unconvinced with the market's performance and were noticeably wary of Wall Street. "I am still sure we will see Wall Street upsetting the applecart," said one senior dealer. He added that the London market had been "blown around in a light

breeze" and fund managers remained unconvinced about short term opportunities.

He did not rule out, however, the chances of a rerun of the big gains in the market between Christmas and the new year when derivatives activity, mostly featuring tailor-made OTC trades, reaches a peak.

Regional electricity stocks provided some of the sharpest action in the market, with Southern Electricity continuing the long list of 20 per cent-plus interim dividend increases and the takeover speculation in Northern Electricity continuing to build.

Turnover in equities reached a healthy 685.7m shares, with activity in non-Footsie stocks accounting for over half the total. Customer business on Monday was worth £1.4bn.

## FT-SE-A All-Share Index

1575  
1550  
1525  
1500  
1475  
1450  
1425  
1400  
1375  
1350  
1325  
1300  
1275  
1250  
1225  
1200  
1175  
1150  
1125  
1100  
1075  
1050  
1025  
1000  
975  
950  
925  
900  
875  
850  
825  
800  
775  
750  
725  
700  
675  
650  
625  
600  
575  
550  
525  
500  
475  
450  
425  
400  
375  
350  
325  
300  
275  
250  
225  
200  
175  
150  
125  
100  
75  
50  
25  
0

Source: FT Group

Oct Nov Dec 1994

Key Indicators

Indices and ratios

Best performing sectors

## Equity Shares Traded

Turnover by volume (millions) Excluding  
inter-market business and overseas turnover

1000  
800  
600  
400  
200  
0

Oct Nov Dec 1994

Worst performing sectors

1 Building Materials  
2 Building & Construction  
3 Other Services & Bus  
4 Gas Distribution  
5 Property

## Keen buying of Boots

High street retailing group Boots jumped 11 to 469p, making it one of the day's best performing FT-SE 100 stocks. Volume reached a healthy 4.4m shares.

Part of the day's rise was attributed to buying from a number of institutions that took stock to the company last week as part of a £500m share buy-back scheme. Some

gross funds feared that active dealing in the shares would compromise prospects for receiving the related Advanced Corporation Tax rebate from the Inland Revenue.

One market specialist said: "Those payments have been received by some institutions and they now feel able to move into the market and buy Boots shares."

A feeling that recent worries about Christmas trading had been overdone also played a part in boosting sentiment.

Rec speculation

Rec speculation enlivened the regional electricity compa-

nies (reco) sector as rumours that a takeover offer for Northern Electricity had been made did the rounds. The stock climbed 23 to 910p on 3.2m turnover.

The new speculation centred on international trading group Jardine Matheson, with the talk suggesting it would be a way for the group to move funds out of Hong Kong and into the UK. However, a bid from Scottish Power on Monday, both mentioned last week as possible predators, was not ruled out by some observers.

Further buying of the stock was encouraged by a clutch of broker recommendations. NatWest Securities advised clients to buy Northern but warned:

"There is a possibility of corporate activity in the sector and Northern looks as likely a target as any. However, with the (sale of the National Grid) details not yet known, we believe the timing is wrong."

Smith New Court recommended the reco as a whole, and Mr Kevin Lygo wrote in the brokerage said: "On fundamental grounds these stocks are cheap."

Scottish Power hardened 14 to 331p.

Interest rate concern appeared to spread rapidly across the building materials sector, making deep inroads into a number of shares and leading to heavy volumes.

Tarmac traded 12m shares,

including a single deal of 4.7m, Caradon saw 3m turnover, while plumbing specialist Spring Ram, boosted by the sale of a block of family trust shares, soared to 30m trades.

Rugby was the stock most troubled by the industry's fears for an interest rate slide in demand, tumbling more than 5 per cent, with the shares down 6 at 106p in 3.7m turnover. Blue Circle fell 6 to 274p, 2.1m traded. RMC retreated 21 to 96p and Tarmac ended a penny adrift at 113p. Caradon finished 2 lower at 226p.

Behind the Spring Ram volume was a big deal by BZW which sold 15m shares or 3.3 per cent of the group equity on behalf of the family trust of Mr Bill Rooney, former Spring Ram chairman.

Favourable press comment and a general feeling that the recent concerns over Christmas trading had been overdone, boosted several of the leading retail stocks. Marks & Spencer advanced 5p to 375p, though renewed doubts about the trading picture at Kingfisher saw the shares retreat, quashing an early lead of 10 to finish just 2 ahead at 422p.

Bid excitement in the merchant banking sector faded slightly yesterday as profit taking saw all the major candidates retreat. S.G. Warburg, under the scrutiny of Morgan Stanley, slipped 9 to 79p while today and talk that one leading fund management arm Mercury Asset Management dropped 32 to 71p.

Oil majors Shell and BP

## NEW HIGHS AND LOWS FOR 1994

NEW HIGHS

BULFINCH & CHATWIN (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

INVESTMENTS (P) Finance, Share

said that with crude prices still under pressure it was premature to expect a rally.

Ruper group David S Smith surprised the market with figures well above forecasts but the shares barely moved. It appeared that an earlier sell recommendation from one house had led to a line of 1.6m shares being placed and not finding a home.

Consequently interims of 840.4m against 813.7m last time and a very upbeat trading statement saw the shares firm only a penny to 489p. Nevertheless analysts were upgrading forecasts with a confident James Capel boosting its forecast by 23m to 855m, believed to be the top end of the range.

Elsewhere in the sector, James Capel turned seller on Arjo Wiggins Appleton, slashing by 22m its figures for 1995 and 1996 to £260m and £310 respectively. The house made the move to reflect the squeeze on margins in the US. Arjo shares slipped 4 to 246p.

Elsewhere in the group, Smithline Beecham jumped 11 to 434p as some of the company's supporters stressed their enthusiasm following a positive global conference on Monday.

Smith New Court reiterated its positive stance and edged up some of its long term forecasts, analyst Mr Paul Woodhouse arguing that if the stock was to return to an acceptable rating then it had a 20 per cent upside from current levels.

The stock rose 11 to 434p in the 'A's with combined turnover in the 'A's and Units hit-

ting 11.6m.

Chemicals group BOC fell 9 to 784p in response to a sell recommendation from Credit Lyonnais. Meanwhile BTR held steady at 285p with House Govett presenting its as a buying opportunity.

Vague bid speculation was also heard elsewhere in the reco. Talk that Southern Electricity, which reported bumper interim figures may be thinking of a bid for a water company in a neighbouring area checked a further advance in its shares. They closed 8 up at 766p. Seaboard and South West were mentioned as possible targets in the event of such a bid. The former jumped 31 to 431p, while the latter gained 31 to 788p.

Transport group NCF moved ahead strongly in 5m turnover on the announcement that a board member was a big, personal buyer of the shares. Sir Christopher Blund, who takes up the post of chairman next month, has purchased 500,000 shares at 136p. The news pushed NCF up 6 to 153p.

Diversified Industrials BTR and Hanson were again two of the most active Footsie stocks, trading a combined 19.4m shares as talk of switching out of Hanson persisted.

Hanson closed fractionally lower at 227p after 10m turnover, while BTR shed 11 to 277p.

MARKET REPORTERS: Peter John, Joel Kibez, Jeffrey Brown.

Other statistics, Page 20

## EQUITY FUTURES AND OPTIONS TRADING

In the absence of leads from both the London and New York cash markets, stock index futures traded narrowly in thin volume, writes

Jeffrey Brown.

At the close of pit trading the FT-SE 100 December contract stood at 2,939, up five points. The discount to the

cash market was nine points, or around 10 points under fair value.

With the December contract expiring on Friday, dealers have begun to focus more fully on the March contract, which closed at 2,952 - 10 points below fair value.

Dealers said business was thin even by recent standards. Allowing for spread trading into the March contract, the December contract notched little more than 9,000 lots.

The morning session saw a smattering of medium-sized deals, with US\$ in evidence, but nearly all of the business was intra-dealer trading. Retail investors were nervous to be seen. The December contract traded within a 24-point arc.

By contrast, the traded option market was relatively busy, volume jumping to 39,329 contracts, from 28,048 on Monday. Call deals had a slight edge over puts, while FT-SE and Euro FT-SE trading accounted for 23,000 lots.

Flows were the star performers among individual options, with just under 4,000 contracts traded. Guinness (1,187 lots) and Hanson (987) were also active.

FT-SE Actives Share Indices

The UK Series

FT-SE 100

FT-SE Mid 250

FT-SE All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

cash market was nine points, or around 10 points under fair value.

With the December contract expiring on Friday, dealers have begun to focus more fully on the March contract, which closed at 2,952 - 10 points below fair value.

Dealers said business was thin even by recent standards. Allowing for spread trading into the March contract, the December contract notched little more than 9,000 lots.

The morning session saw a smattering of medium-sized deals, with US\$ in evidence, but nearly all of the business was intra-dealer trading. Retail investors were nervous to be seen. The December contract traded within a 24-point arc.

By contrast, the traded option market was relatively busy, volume jumping to 39,329 contracts, from 28,048 on Monday. Call deals had a slight edge over puts, while FT-SE and Euro FT-SE trading accounted for 23,000 lots.

Flows were the star performers among individual options, with just under 4,000 contracts traded. Guinness (1,187 lots) and Hanson (987) were also active.

FT-SE Actives Share Indices

The UK Series

FT-SE 100

FT-SE Mid 250

FT-SE All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

FT-SE Actives All-Share

## TRADING VOLUME

Major Stocks Yesterday

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change %

Vol. Change

**INVESTMENT TRUSTS - Cont**

LEISURE & HOTELS

**TRANSPORT - Cont**


**FT Free Annual Reports Service**  
You can obtain the current annual/interim report of any company annotated with **A**. Please quote the code **FT8633**. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

**FT Cityline**  
Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.  
An international service is available for callers in the USA and Canada 1230 est. (EST)  
Call 071-875 4378, 1464 71 873 4378, International for more information on FT Cityline.



## OTHER OFFSHORE FINDS

1 million influential people just like you read the FT every day.



A loose insert talks to them directly.

*In fact, directly you have designed an insert we will ensure it receives the undivided attention of our readers. All FT Inserts appear solus.*

*Find out more by calling Mike or Jo on 0171 873 3362*

**No FT, no comment.**

## CURRENCIES AND MONEY

## MARKETS REPORT

## French franc slips to 1994 low against D-Mark

The French franc yesterday fell to a twelve month low against the D-Mark as political uncertainty continued to set the tone in currency markets, writes Philip Gass.

The franc closed in London at FF3.447/D, from FF3.439. Political troubles also saw the Italian lira fall to a record low of L1.044 against the D-Mark, before closing at L1.042. The weakness of the franc and lira was accentuated in the interest rate futures markets, with both the March eurodollar and PIBOR contracts losing over 30 basis points.

Traders were careful to stress, however, that trading conditions, ahead of Christmas, were thin, and this could lead to exaggerated movements on small volumes. While both the lira and the franc had the potential to weaken further, analysts said market activity was not of the order to suggest either currency was in trouble. Elsewhere, the dollar had a steady day, with producer

inflation and retail sales data effectively cancelling each other out, depriving the market of fresh trading impetus. The dollar closed unchanged at DM1.572, and at ¥100.395, from ¥99.876.

In New Zealand, the six month monetary statement from the central bank gave the New Zealand dollar further upward impetus. It touched a five-year high of 64 US cents during Asian trading, before slipping back to a London close of 63.71 cents.

The Swedish krona weakened slightly to SKr4.792 against the D-Mark, from SKr4.786, after the Riksbank raised the key repo rate to 7.6 per cent from 7.4 per cent.

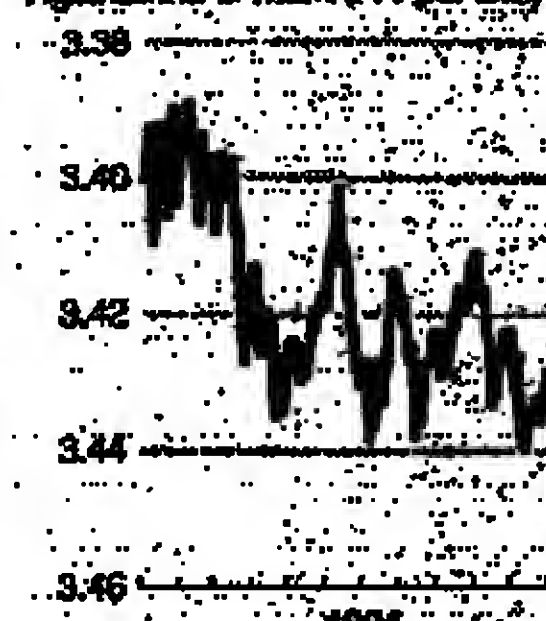
Sterling had a quiet day, with the trade weighted index finishing unchanged at 80.4.

While political uncertainty was the catalyst for the franc and lira weakness, the other key factor was generalised D-Mark strength, which has been obvious against most currencies except the dollar and sterling. Mr George Magnus, international economist at SG Warburg, said that while "politics was the principal villain" when it came to franc weakness, this coincided with a gradual shift in perception about the outlook for German interest rates. He noted that the September 1995 and December 1995 euro market futures contracts had both moved about 50-60 basis points this week alone (towards discounting higher interest rates).

"The market seems to be moving to the conclusion that the next move in German rates will be up," said Mr Magnus. With the franc effectively fixed to the D-Mark through the franc fort policy, Mr Mag-

## French franc

Against the D-Mark (FF per DM)



Source: Datastream

us said political uncertainty was more likely to be reflected in the interest rate markets. He predicted, however, that the franc could yet weaken to FF3.45-3.50/D, Mr David Cocker, economist at Chemical Bank in London, said that the current exchange rate of the franc appeared to be price in most of the bad news. Although the lira was getting

weaker, "each individual piece of news is having less impact in the market."

Mr Brian Durrant, economist at brokers GNL, said that while the dust would settle in France, Italy's problems appeared to be continuing. Mr Durrant stressed that thin trading conditions were leading to exaggerated moves, and a general climate of market unease. "There was no reason, for example, why short sterling should fall across the board today," he said, but it did. Most contracts lost around four to seven basis points.

The dollar's performance was cited by analysts as further evidence that it had decoupled from bonds. For much of 1994 the dollar and US treasury bonds tracked each other closely.

With a low PPI figure offset by strong retail sales, the foreign exchange market "was very happy to sit on its hands," said Mr Cocker. "Now it is

waiting for a clear sign whether the Fed will tighten next week." The open markets committee, which sets Federal Reserve policy, meets next Tuesday to discuss the outlook for interest rates.

Mr Cocker said Tuesday was a key date for the dollar because the FOMC meeting coincided with the release of trade data. Monetary policy, and US-Japan trade tensions, have been two key factors explaining the dollar's poor performance in 1994.

The Bank of England provided UK money markets with \$470m of assistance at established rates, and \$430m of late assistance, after forecasting a \$500m shortage.

## OTHER CURRENCIES

Dec 13

11.0435	0.9	10.948	1.1	104.9
32.28	0.6	51.86	1.2	104.9
1.772	0.3	6.1533	0.3	105.1
4.9745	0.6	4.8915	0.4	81.8
5.5448	0.4	5.3745	0.8	105.1
1.6897	0.4	1.5398	1.5	107.0
280.95	-12.2	288.25	-10.2	68.5
1.5957	0.1	1.5398	1.1	73.4
1857.1	-3.1	1887	-2.9	73.4
32.29	0.6	31.98	1.2	106.0
1.7581	0.7	1.7388	1.4	106.0
6.9825	0.4	6.8005	0.9	96.1
162.96	-4.0	161.1	-2.9	95.1
1.7577	0.3	1.7341	1.1	81.8
7.5707	-1.7	7.8482	-1.5	106.8
1.3259	2.0	1.2871	2.6	80.2
1.5824	0.0	1.5811	0.1	88.0
1.2118	-0.1	1.218	-0.5	-

[illegible][illegible]

Easy  
swop out  
from your  
existing pager  
provider.

For a FREE trial call  
0800 28 28 26

**pulse**

 **Hutchison  
Telecom**

© 1999 Hutchison Telecom Limited  
All rights reserved. Hutchison Telecom is a registered trademark of Hutchison Telecom Limited.

Name: .....

Address: .....

Address: .....  
.....  
.....  
Postcode: ..... Tel: .....

**Have you**

**Financial**

## Financial

ELECTRONICS

صلى من الاصل

8 pm circa December 1

Stock	Chg	P	2	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130	135	140	145	150	155	160	165	170	175	180	185	190	195	200	205	210	215	220	225	230	235	240	245	250	255	260	265	270	275	280	285	290	295	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	375	380	385	390	395	400	405	410	415	420	425	430	435	440	445	450	455	460	465	470	475	480	485	490	495	500	505	510	515	520	525	530	535	540	545	550	555	560	565	570	575	580	585	590	595	600	605	610	615	620	625	630	635	640	645	650	655	660	665	670	675	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750	755	760	765	770	775	780	785	790	795	800	805	810	815	820	825	830	835	840	845	850	855	860	865	870	875	880	885	890	895	900	905	910	915	920	925	930	935	940	945	950	955	960	965	970	975	980	985	990	995	1000	1005	1010	1015	1020	1025	1030	1035	1040	1045	1050	1055	1060	1065	1070	1075	1080	1085	1090	1095	1100	1105	1110	1115	1120	1125	1130	1135	1140	1145	1150	1155	1160	1165	1170	1175	1180	1185	1190	1195	1200	1205	1210	1215	1220	1225	1230	1235	1240	1245	1250	1255	1260	1265	1270	1275	1280	1285	1290	1295	1300	1305	1310	1315	1320	1325	1330	1335	1340	1345	1350	1355	1360	1365	1370	1375	1380	1385	1390	1395	1400	1405	1410	1415	1420	1425	1430	1435	1440	1445	1450	1455	1460	1465	1470	1475	1480	1485	1490	1495	1500	1505	1510	1515	1520	1525	1530	1535	1540	1545	1550	1555	1560	1565	1570	1575	1580	1585	1590	1595	1600	1605	1610	1615	1620	1625	1630	1635	1640	1645	1650	1655	1660	1665	1670	1675	1680	1685	1690	1695	1700	1705	1710	1715	1720	1725	1730	1735	1740	1745	1750	1755	1760	1765	1770	1775	1780	1785	1790	1795	1800	1805	1810	1815	1820	1825	1830	1835	1840	1845	1850	1855	1860	1865	1870	1875	1880	1885	1890	1895	1900	1905	1910	1915	1920	1925	1930	1935	1940	1945	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060	2065	2070	2075	2080	2085	2090	2095	2100	2105	2110	2115	2120	2125	2130	2135	2140	2145	2150	2155	2160	2165	2170	2175	2180	2185	2190	2195	2200	2205	2210	2215	2220	2225	2230	2235	2240	2245	2250	2255	2260	2265	2270	2275	2280	2285	2290	2295	2300	2305	2310	2315	2320	2325	2330	2335	2340	2345	2350	2355	2360	2365	2370	2375	2380	2385	2390	2395	2400	2405	2410	2415	2420	2425	2430	2435	2440	2445	2450	2455	2460	2465	2470	2475	2480	2485	2490	2495	2500	2505	2510	2515	2520	2525	2530	2535	2540	2545	2550	2555	2560	2565	2570	2575	2580	2585	2590	2595	2600	2605	2610	2615	2620	2625	2630	2635	2640	2645	2650	2655	2660	2665	2670	2675	2680	2685	2690	2695	2700	2705	2710	2715	2720	2725	2730	2735	2740	2745	2750	2755	2760	2765	2770	2775	2780	2785	2790	2795	2800	2805	2810	2815	2820	2825	2830	2835	2840	2845	2850	2855	2860	2865	2870	2875	2880	2885	2890	2895	2900	2905	2910	2915	2920	2925	2930	2935	2940	2945	2950	2955	2960	2965	2970	2975	2980	2985	2990	2995	3000	3005	3010	3015	3020	3025	3030	3035	3040	3045	3050	3055	3060	3065	3070	3075	3080	3085	3090	3095	3100	3105	3110	3115	3120	3125	3130	3135	3140	3145	3150	3155	3160	3165	3170	3175	3180	3185	3190	3195	3200	3205	3210	3215	3220	3225	3230	3235	3240	3245	3250	3255	3260	3265	3270	3275	3280	3285	3290	3295	3300	3305	3310	3315	3320	3325	3330	3335	3340	3345	3350	3355	3360	3365	3370	3375	3380	3385	3390	3395	3400	3405	3410	3415	3420	3425	3430	3435	3440	3445	3450	3455	3460	3465	3470	3475	3480	3485	3490	3495	3500	3505	3510	3515	3520	3525	3530	3535	3540	3545	3550	3555	3560	3565	3570	3575	3580	3585	3590	3595	3600	3605	3610	3615	3620	3625	3630	3635	3640	3645	3650	3655	3660	3665	3670	3675	3680	3685	3690	3695	3700	3705	3710	3715	3720	3725	3730	3735	3740	3745	3750	3755	3760	3765	3770	3775	3780	3785	3790	3795	3800	3805	3810	3815	3820	3825	3830	3835	3840	3845	3850	3855	3860	3865	3870	3875	3880	3885	3890	3895	3900	3905	3910	3915	3920	3925	3930	3935	3940	3945	3950	3955	3960	3965	3970	3975	3980	3985	3990	3995	4000	4005	4010	4015	4020	4025	4030	4035	4040	4045	4050	4055	4060	4065	4070	4075	4080	4085	4090	4095	4100	4105	4110	4115	4120	4125	4130	4135	4140	4145	4150	4155	4160	4165	4170	4175	4180	4185	4190	4195	4200	4205	4210	4215	4220	4225	4230	4235	4240	4245	4250	4255	4260	4265	4270	4275	4280	4285	4290	4295	4300	4305	4310	4315	4320	4325	4330	4335	4340	4345	4350	4355	4360	4365	4370	4375	4380	4385	4390	4395	4400	4405	4410	4415	4420	4425	4430	4435	4440	4445	4450	4455	4460	4465	4470	4475	4480	4485	4490	4495	4500	4505	4510	4515	4520	4525	4530	4535	4540	4545	4550	4555	4560	4565	4570	4575	4580	4585	4590	4595	4600	4605	4610	4615	4620	4625	4630	4635	4640	4645	4650	4655	4660	4665	4670	4675	4680	4685	4690	4695	4700	4705	4710	4715	4720	4725	4730	4735	4740	4745	4750	4755	4760	4765	4770	4775	4780	4785	4790	4795	4800	4805	4810	4815	4820	4825	4830	4835	4840	4845	4850	4855	4860	4865	4870	4875	4880	4885	4890	4895	4900	4905	4910	4915	4920	4925	4930	4935	4940	4945	4950	4955	4960	4965	4970	4975	4980	4985	4990	4995	5000	5005	5010	5015	5020	5025	5030	5035	5040	5045	5050	5055	5060	5065	5070	5075	5080	5085	5090	5095	5100	5105	5110	5115	5120	5125	5130	5135	5140	5145	5150	5155	5160	5165	5170	5175	5180	5185	5190	5195	5200	5205	5210	5215	5220	5225	5230	5235	5240	5245	5250	5255	5260	5265	5270	5275	5280	5285	5290	5295	5300	5305	5310	5315	5320	5325	5330	5335	5340	5345	5350	5355	5360	5365	5370	5375	5380	5385	5390	5395	5400	5405	5410	5415	5420	5425	5430	5435	5440	5445	5450	5455	5460	5465	5470	5475	5480	5485	5490	5495	5500	5505	5510	5515	5520	5525	5530	5535	5540	5545	5550	5555	5560	5565	5570	5575	5580	5585	5590	5595	5600	5605	5610	5615	5620	5625	5630	5635	5640	5645	5650	5655	5660	5665	5670	5675	5680	5685	5690	5695	5700	5705	5710	5715	5720	5725	5730	5735	5740	5745	5750	5755	5760	5765	5770	5775	5780	5785	5790	5795	5800	5805	5810	5815	5820	5825	5830	5835	5840	5845	5850	5855	5860	5865	5870	5875	5880	5885	5890	5895	5900	5905	5910	5915	5920	5925	5930	5935	5940	5945	5950	5955	5960	5965	5970	5975	5980	5985	5990	5995	6000	6005	6010	6015	6020	6025	6030	6035	6040	6045	6050	6055	6060	6065	6070	6075	6080	6085	6090	6095	6100	6105	6110	6115	6120	6125	6130	6135	6140	6145	6150	6155	6160	6165	6170	6175	6180	6185	6190	6195	6200	6205	6210	6215	6220	6225	6230	6235	6240	6245	6250	6255	6260	6265	6270	6275	6280	6285	6290	6295	6300	6305	6310	6315	6320	6325	6330	6335	6340	6345	6350	6355	6360	6365	6370	6375	6380	6385	6390	6395	6400	6405	6410	6415	6420	6425	6430	6435	6440	6445	6450	6455	6460	6465	6470	6475	6480	6485	6490	6495	6500	6505	6510	6515	6520	6525	6530	6535	6540	6545	6550	6555	6560	6565	6570	6575	6580	6585	6590	6595	6600	6605	6610	6615	6620	6625	6630	6635	6640	6645	6650	6655	6660	6665	6670	6675	6680	6685	6690	6695	6700	6705	6710	6715	6720	6725	6730	6735	6740	6745	6750	6755	6760	6765	6770	6775	6780	6785	6790	6795	6800	6805	6810	6815	6820	6825	6830	6835	6840	6845	6850	6855	6860	6865	6870	6875	6880	6885	6890	6895	6900	6905	6910	6915	6920	6925	6930	6935	6940	6945	6950	6955	6960	6965	6970	6975	6980	6985	
-------	-----	---	---	---	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	--

**4 pm close December 15**

[illegible]

**Financial Times. Europe's Business Newspaper.**

[illegible]

1

---

AMERICA

# Contradictory signals take Dow lower

Wall Street

US shares fluctuated in a narrow range yesterday morning in the wake of contradictory signals about the strength of inflationary pressures in the economy, writes Lisa Branstetter in New York.

By 1 pm, the Dow Jones Industrial Average was down 2.38 at 3,716.01.

The more broadly-based Standard & Poor's 500 gained 0.86 at 450.33, the American Stock Exchange composite dropped 0.59 at 490.91 and the Nasdaq composite fell 0.12 at 719.00. Volume on the NYSE was 133m shares.

After falling shortly after the opening bell, the market turned up on the heels of soaring long-bond prices and hovered near Monday's close for the rest of the morning. The 30-year bond gained more than half a point in morning trading and some believed that the fixed-income market had now factored in another interest rate increase later this month or early next year.

Although the producer price index for November grew for the first time since August, the increase of 0.5 per cent was well in line with economists' expectations. A sub index of intermediate goods was up 1.1 per cent, the biggest monthly rise in four years, suggesting inflationary pressures at work in earlier stages of the production cycle.

More signs of potential inflation came from strong retail sales figures released by the Commerce Department. Throughout November, consumer spending grew at an annual rate of more than 10 per cent for the fourth quarter, more than double last quarter's rate. And retail sales grew 1.2 per cent for the month, more than double economists' forecasts of 0.5 per cent growth.

In spite of the signs of strong consumer demand, shares in retail stores were mixed. Sears Roebuck gained 3/4 at \$45.75, Woolworth rose 3/4 at \$14.75.

EUROPE

# Meeting of minds on prospects for Milan bourse

A meeting of minds at Morgan Stanley and S.G. Warburg produced parallel recommendations for the recently beleaguered Italian equity market, writes Lisa Branstetter in New York.

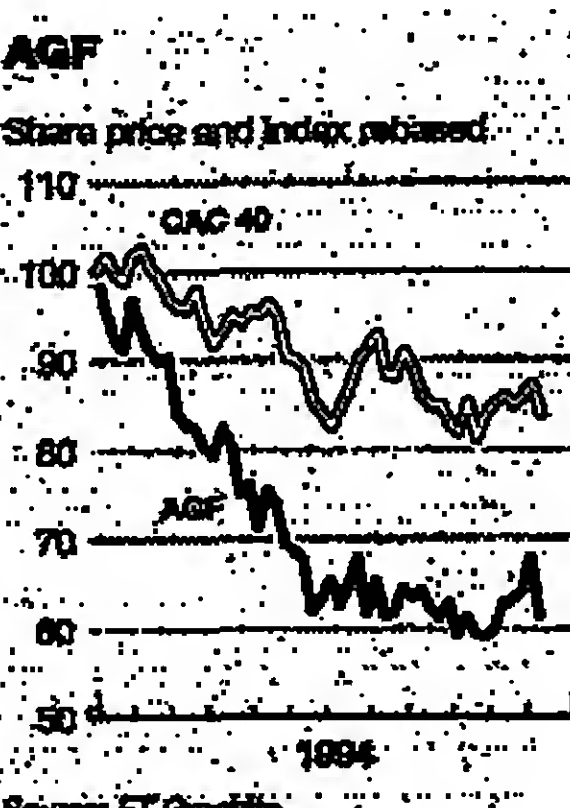
Mr Richard Davidson, European strategist for Morgan Stanley, lifted Italian exposure from 4.5 to 7.5 per cent in his European model portfolio, and cut Germany's from 11.5 to an underweight 8.5 per cent.

Italian politics were fully discounted in current share prices, said Mr Davidson, adding that an undervalued currency, good profits growth, an underpriced stock market and some of the country's best ever economic fundamentals were being overlooked.

Germany's 1995 profits growth, he said, was discounted in a prospective p/e of 19.8, against Italy's 16.7, and a price/earnings multiple of 4.8 against 3.3; the economy was in good shape but interest rates were set to rise next year.

Meanwhile, Mr Andrew Garthwaite at S.G. Warburg reiterated his recommendation for Italy, saying it remained, with France, one of his two favourite markets in continental Europe. He said that on a two-year view, investors risked underestimating earnings recovery in Italy.

FRANKFURT recovered most of Monday's post-bourse losses.



Source: FT Graphics

## FT-SE Actuaries Share Indices

Dec 13	Dec 12	Dec 9	Dec 8	Dec 7	Dec 6
FT-SE 100	1087.41	1088.35	1088.44	1088.57	1088.02
FT-SE 250	1364.41	1363.81	1363.78	1363.73	1363.28

Dec 13: 1087.41, 1364.41, 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 12: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 9: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 8: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 7: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 6: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 5: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 4: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 3: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 2: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Dec 1: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 30: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 29: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 28: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 27: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 26: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 25: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 24: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 23: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 22: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 21: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 20: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 19: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 18: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 17: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 16: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 15: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 14: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 13: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 12: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 11: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 10: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 9: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 8: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 7: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 6: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 5: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 4: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 3: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 2: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Nov 1: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 31: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 30: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 29: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 28: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 27: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 26: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 25: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 24: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 23: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 22: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 21: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 20: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 19: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 18: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 17: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 16: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 15: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 14: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 13: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 12: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 11: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 10: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 9: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 8: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 7: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 6: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 5: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 4: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 3: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 2: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Oct 1: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 30: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 29: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 28: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 27: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 26: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 25: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 24: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 23: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 22: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 21: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 20: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 19: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 18: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 17: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 16: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 15: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 14: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 13: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 12: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 11: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 10: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 9: 1088.35, 1363.81, 1088.44, 1363.78, 1088.57, 1363.73, 1088.02, 1363.28

Sept 8: 1088.